

### The year to rise. The year to rebuild.



नॉर्थ ईस्टर्न डेवलपर्मेट फायनेंस कॉर्पोरेशन लिमिटेड

NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED





#### 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 authorised 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 categorised 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.

### **CORE VALUES**

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

### MISSION

To be a dynamic and responsive organisation catalysing 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.

### MOTTO

Championing the entrepreneurial spirit of the North East.

### ANNUAL REPORT 2020-21





The year 2020 started with the outbreak of COVID-19 pandemic, followed by lockdowns & associated restrictions, impairing economic activities across the board. This has compelled NEDFi to re-think and re-strategise its approach in this challenging environment.

NEDFi implemented various measures to ensure the safety and well-being of its employees during this crisis, for providing uninterrupted services to its customers and stakeholders. NEDFi's strategies involved customising new products & services to meet the liquidity mismatch due to disruption in business, reaching out to the new generation entrepreneurs by organising business meets, mentoring services, credit linkages, marketing linkages, etc. NEDFi also enhanced its social initiatives to help the communities.

Aptly, the cover reflects the Phoenix, a figment of imagination that originated as a Greek myth, which is known to be reborn from its own ashes. Rise like phoenix quotes are inspirational since they give new aspiration and renewed confidence to overcome the disaster. NEDFi has played that role and helped many rise through the difficulties. As they say, the pheonix must burn to emerge. This is indeed the year to start, rebuild and rise.

### INSIDE

From the Desk of the CMD4	Vigilance Awareness Week
अध्यक्ष एवं प्रबंध निदेशक की कलम से7	Board of Directors
Financial Highlights9	Directors' Report41
Performance Highlights10	Attendance for Financial Year 2020-2155
Success Stories11	Report on Corporate Governance58
Micro Finance22	Particulars of Corporate Social Responsibility64
Advisory & Consultancy24	Management's Discussion & Analysis67
North East Venture Fund28	Secretarial Audit Report71
Corporate Social Responsibility	Standalone Independent Auditors' Report & Financial Accounts74
Visit & Independence Day34	Financial Accounts
Business Meets & Hindi Week	Consolidated Independent Auditors' Report & Financial Accounts141



## FROM THE DESK OF THE CHAIRMAN AND MANAGING DIRECTOR



#### Dear Shareholders,

It gives me great pleasure to welcome you all to the 26th Annual General Meeting of your Corporation. I take this opportunity to thank our stakeholders for their encouragement, trust and generous support which have enabled the Corporation to work towards achieving its mandate to be a pacesetter in the economic development of the North Eastern Region.

On behalf of the Board of Directors and the Management team of NEDFi, I now place before you the highlights of your Corporation's performance during the financial year 2020-21 (FY 21).

#### **Performance Highlights**

#### **Business**

FY 21 started with the outbreak of COVID-19 pandemic, which impaired economic activities across the board. However, the Corporation anticipated the challenges early and made continuous & rigorous efforts to improve its working results.

During the year, the Corporation sanctioned ₹ 380.06 crore and disbursed ₹ 311.29 crore. As on March 31, 2021, the Corporation extended financial assistance to 7678 projects with cumulative sanctions and disbursements of ₹ 5867.98 crore and ₹ 4533.93 crore, respectively.



#### **Income and Earnings**

In FY 21, the gross income of the Corporation increased year-on-year by 16.97% to ₹ 184.84 crore from ₹ 158.03 crore, mainly due to increase in interest income. The Corporation's gross profit increased by 50.08% to ₹ 83.61 crore from ₹ 55.71 crore and net profit increased by 105.13% to ₹ 69.97 crore from ₹ 34.11 crore in the previous financial year.

#### **Asset Quality**

The asset quality of the Corporation was improved in FY 21 on the back of all round efforts in managing stressed accounts. The gross NPAs was reduced to 6.73% from 12.32% and net NPAs to 2.74% from 6.48% in the previous financial year.

#### **North East Venture Fund**

The North East Venture Fund, set up jointly with the Ministry of DoNER and SIDBI with a corpus of ₹100 crore, is operated and managed by our subsidiary, NEDFi Venture Capital Ltd. (NVCL). The Fund promotes and supports startups, early stage and growth stage Companies with new products and technologies or innovative business models. As on March 31, 2021, the Fund had committed investments of ₹66.31 crore to 31 start-up companies.

#### **Corporate Social Responsibility**

The Corporate Social Responsibility (CSR) policy of the Corporation focuses on women empowerment, livelihood enhancement projects, employment enhancing vocational skills and development of craft sector in the rural & backward areas. During the year, a total of 398 beneficiaries were covered in 11 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 through its various showrooms. During the year, a total of 707 artisans were benefitted from the marketing support initiatives of the Corporation.

#### **Way Forward**

The spread of COVID-19 across the globe has resulted in decline in economic activities and increase in volatility in financial markets. In this situation, though the challenges continue to unfold, the Corporation is bracing itself on all fronts to meet the same. The Corporation's focus would continue to be on the micro & small enterprises and microfinance segments by extending financial assistance at concessional rate of interest, mentoring assistance, capacity building, etc.

It is our dream to bring down the credit cost for the needy and first generation entrepreneurs through our intervention. We are preparing our best towards this goal. Various new IT initiatives have been rolled out and new products & services introduced to cater to the customised needs of the entrepreneurs and to reach out to difficult areas for affordable credit directly & through MFIs.

Even though the net NPA has drastically come down, there is scope for further reduction, as your Corporation is in the process of strengthening credit monitoring & recovery system.

With major stress on skill development, the Corporation will take up programmes for promotion of employment enhancing vocational skills, livelihood enhancement



projects, women empowerment, an handloom & handicraft sectors etc.

#### Acknowledgement

I 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 trust and support of all our shareholders- IDBI Bank,

and LICI, SBI, SIDBI, ICICI Bank, IFCI, SUUTI, GIC & Subsidiaries.

I am confident that driven by dedication and commitment of 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,

Amoonip

(PVSLN Murty)



# अध्यक्ष एवं प्रबंध निदेशक की कलम से



#### प्रिय शेयरधारकों,

आपके कॉर्पोरेशन की 26वीं वार्षिक आम बैठक में आप सभी का स्वागत करते हुए मुझे बहुत खुशी हो रही है। मैं इस अवसर पर अपने हितधारकों को उनके प्रोत्साहन, विश्वास और उदार समर्थन के लिए धन्यवाद देता हूं, जिन्होंने कॉर्पोरेशन को उत्तर पूर्वी क्षेत्र के आर्थिक विकास में एक गति निर्धारक बनने के अपने जनादेश को प्राप्त करने की दिशा में काम करने में सक्षम बनाया है।

नेइफी के निदेशक मंडल और प्रबंधन टीम की ओर से मैं अब आपके सामने वित्तीय वर्ष 2020-21 (वित्त वर्ष 21) के दौरान आपके कॉर्पोरेशन के प्रदर्शन के मुख्य बिंदु सामने रख रहा हूं।

#### प्रदर्शन के मुख्य बिंदू

#### व्यापार

वित्त वर्ष 21 की शुरूआत कोविड-19 महामारी के प्रकोप से हुई, जिसने हर जगह आर्थिक गतिविधियों को प्रभावित किया। हालांकि, कॉरपोरेशन ने चुनौतियों का जल्द ही अनुमान लगा लिया और अपने काम के परिणामों में सुधार के लिए निरंतर और कठोर प्रयास किए। वर्ष के दौरान, कॉर्पोरेशन ने ₹ 380.06 करोड़ स्वीकृत किए और ₹ 311.29 करोड़ वितरित किए। 31 मार्च, 2021 तक, कॉर्पोरेशन ने 7678 परियोजनाओं को क्रमश: ₹ 5867.98 करोड़ और ₹ 4533.93 करोड़ की संचयी मंजूरी और खर्च के साथ वित्तीय सहायता प्रदान की।

#### आय और लाभ

वित्तीय वर्ष 21 में, मुख्य रूप से ब्याज से जुड़ी आय में वृद्धि के कारण, कॉर्पोरेशन की सकल आय ₹ 158.03 करोड़ से सालाना आधार पर 16.97% बढ़कर ₹ 184.84 करोड़ हो गई। कॉर्पोरेशन का सकल लाभ ₹ 55.71 करोड़ से ₹ 83.61 करोड़ और पिछले वित्तीय वर्ष में ₹ 34.11 करोड़ से शुद्ध लाभ ₹ 105.13% बढ़कर ₹ 69.97 करोड़ हो गया।

#### परिसंपति गुणवता

जोर दिए गए खातों के प्रबंधन में चौतरफा प्रयासों के बल पर वितीय वर्ष 21 में कॉर्पोरेशन की परिसंपत्ति गुणवत्ता में सुधार हुआ। पिछले वित्तीय वर्ष में सकल एनपीए 12.32% से घटकर 6.73% और शुद्ध एनपीए 6.48% से घटकर 2.74% हो गया है।



#### नॉर्थ ईस्ट वेंचर फंड

₹ 100 करोड़ के कोष के साथ उत्तर पूर्वी विकास मंत्रालय (डोनर) और सिडबी के साथ संयुक्त रूप से स्थापित नॉर्थ ईस्ट वेंचर फंड, हमारी सहायक कंपनी नेड्फी वेंचर कैपिटल लिमिटेड (एनवीसीएल), द्वारा संचालित और प्रबंधित किया जाता है। यह फंड स्टार्ट-अप्स, शुरूआती चरण और विकास चरण की कंपनियों के साथ नए उत्पादों और तकनीकों या बेहतरीन बिजनेस मॉडल को बढ़ावा देता है और उनका समर्थन करता है। 31 मार्च, 2021 तक, फंड ने 31 स्टार्ट-अप कंपनियों को ₹66.31 करोड़ के निवेश की प्रतिबद्धता जताई है।

#### कॉर्पोरेशन की सामाजिक जिम्मेदारी

कॉर्पोरेशन की कॉर्पोरेट सामाजिक जिम्मेदारी (सीएसआर) पहल उद्यमिता को बढावा देने के माध्यम से ग्रामीण और पिछड़े क्षेत्रों में महिला सशक्तिकरण, आजीविका वृद्धि परियोजनाओं, रोजगार बढाने वाले व्यावसायिक कौशल और शिल्प क्षेत्र के विकास पर केंद्रित है। इस वर्ष के दौरान विभिन्न ट्रेडों में 11 प्रशिक्षण कार्यक्रमों में कुल 398 लाभार्थियों को शामिल किया गया।

कॉर्पोरेशन अपने विभिन्न शोरूमों के माध्यम से प्रदर्शनियों, व्यापार मेलों और बिक्री में भागीदारी के माध्यम से क्षेत्र के कारीगरों को विपणन सहायता भी प्रदान कर रहा है। वर्ष के दौरान, कुल 707 कारीगरों ने कॉर्पोरेशन की विपणन सहायता पहलों से लाभान्वित हुए हैं।

#### आगे का रास्ता

दुनिया भर में कोविड-19 के फैलने के कारण आर्थिक गतिविधियों में गिरावट आई है और वितीय बाजारों में अस्थिरता में वृद्धि हुई है। इस स्थिति में, हालांकि चुनौतियां सामने आ रही हैं, कॉर्पोरेशन सभी मोर्चों पर इसका सामना करने के लिए खुद को तैयार कर रहा है। रियायती ब्याज दर पर वित्तीय सहायता, परामर्श सहायता, क्षमता निर्माण आदि द्वारा सूक्ष्म और लघु उद्यमों और माइक्रो फाइनेंस क्षेत्रों पर कॉर्पोरेशन का फोकस जारी रहेगा।

हमारी संलिप्तता के माध्यम से जरूरतमंद और पहली पीढ़ी के उद्यमियों के लिए ऋण लागत को कम करना हमारा सपना है। हम इस लक्ष्य के लिए अपनी तरफ से पूरी तैयारी कर रहे हैं। उद्यमियों की अनुकूलित जरूरतों को पूरा करने और एमएफआई के माध्यम से किफायती ऋण के लिए अन्य कठिन क्षेत्रों तक पहुंचने के लिए विभिन्न नई आईटी पहल शुरू की गई हैं और नए उत्पादों और सेवाओं को पेश किया गया है।

भले ही नेट एनपीए में भारी कमी आई है, फिर भी इसमें और कमी की गुंजाइश है, क्योंकि आपका कॉर्पोरेशन ऋण की निगरानी और वसूली प्रणाली को मजबूत करने की प्रक्रिया में है।

कौशल विकास पर विशेष जोर देने के साथ, कॉर्पोरेशन रोजगार बढ़ाने वाले व्यावसायिक कौशल, आजीविका वृद्धि परियोजनाओं, महिला सशक्तिकरण और पारंपरिक कलाओं, हथकरघा और हस्तशिल्प क्षेत्रों को बढ़ावा देने के लिए कार्यक्रम चलाएगा।

#### आभार

मैं इस अवसर पर बोर्ड के सदस्यों को उनके बहुमूल्य मार्गदर्शन, समर्थन और परामर्श के लिए धन्यवाद देता हूं। मैं उत्तर पूर्वी क्षेत्र की राज्य सरकारों, बैंकों और वितीय संस्थानों और उत्तर पूर्व के अन्य संगठनों के निरंतर समर्थन के लिए धन्यवाद करना चाहता हूं। मैं अपने सभी शेयरधारकों- आईडीबीआई बैंक, एलआईसीआई, एसबीआई, सिडबी, आईसीआईसीआई बैंक, आईएफसीआई, एसयूयूटीआई, जीआईसी और सहायक कंपनियों के विश्वास और समर्थन के लिए भी कृतिज्ञता ज्ञापित करता हं।

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

में इस यात्रा में आपके निरंतर समर्थन की आशा करता हूं।

शुभकामना सहित,

(पीवीएसएलएन मूर्ति)

### FINANCIAL HIGHLIGHTS



#### **Financial Review**

Standalone

(₹ in Crore)

Financial Year	2020-21	2019-20				
Authorised Capital	500.00	500.00				
Paid-up Capital	100.00	100.00				
Net Worth	895.68	800.72				
Loan Outstanding	1104.50	1056.34				
Capital to Risk (Weighted) Assets Ratio (CRAR) (%)	56.98	53.91				
Working Results						
Gross Income	184.84	158.03				
Interest Income	111.07	94.81				
Non-Interest Income	73.77	63.22				
Gross Expenditure	101.23	102.32				
Profit Before Tax	83.61	55.71				
Tax Expenses	13.64	21.60				
Profit After Tax	69.97	34.11				
Earning Per Share (₹)	6.98	3.41				

#### Consolidated

Consolidated		(₹ in Crore)
Financial Year	2020-21	2019-20
Total Income	186.93	161.23
Total Expenses	102.96	103.83
Profit Before Tax	83.97	57.40
Tax Expense	13.73	21.97
Profit After Tax	70.24	35.43
Earnings Per Share (₹)	7.00	3.54

### PERFORMANCE HIGHLIGHTS

#### SANCTIONS

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
2019-2020	1,620.00	27,330.35	5,792.70	2,049.25	2408.00	1,300.90	1,748.50	1,823.75	44,073.45
2020-2021	1,418.50	23,584.59	5,532.50	3,690.59	742.39	875.57	1,021.19	1,140.37	38,005.70
Total	40,270.93	3,54,779.03	43,388.32	79,152.13	12,551.75	12,596.8	17,860.51	26,198.94	5,86,798.35

#### DISBURSEMENTS

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
2019-2020	795.00	16,818.78	6,496.39	1,726.90	1,859.84	1,060.90	1,285.89	1,899.00	31,942.70
2020-2021	1,709.80	19,645.90	4,143.61	1,877.92	936.71	948.89	961.32	905.12	31,129.27
Total	30,316.58	2,70,835.37	38,997.83	60,783.28	10,529.66	10,327.1	14,781.01	16,822.88	4,53,393.71

#### **PROJECTS**

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
2019-2020	36	144	79	27	77	94	111	123	691
2020-2021	48	204	119	25	82	111	115	130	834
Total	591	2081	926	388	660	820	1138	1074	7678

(No.)

#### (₹ in Lakh)



(₹ in Lakh)



NEDFi's loan products are structured mainly towards development of the Micro, Small and Medium Enterprises (MSME) segment which is a key driver of economic growth and capital formation in the North Eastern Region. For development of the Micro and Small Enterprises (MSE) segment, NEDFi has taken initiative to identify and nurture potential first generation local entrepreneurs and provide finance on easy terms to them to set up viable industrial projects. Presented below are a few success stories where NEDFi has played a significant role in crafting – some of them big, while some of them small; some startups while others are expansion of existing units; some creating wealth & employment in a small way while some making appreciable impact; but all of them plays a significant role in development of the region.

#### Health City Hospital

Health City Hospital, a unit of North East Health City Pvt. Ltd., is a Super-Specialty Hospital located at Khanapara, Guwahati, Assam. NEDFi sanctioned ₹ 2900.00 lakh under Rupee Term Loan (RTL) Scheme.



#### Samaritan Hormin Hospital

Samaritan Hormin Hospital is located at Naharlagun, Papum Pare District, Arunachal Pradesh. NEDFi sanctioned ₹ 600.00 lakh under Rupee Term Loan (RTL) Scheme.



#### **KL Beverages**

KL Beverages is a fruit-based beverages unit located at Guwahati, Assam. NEDFi sanctioned ₹ 750.00 lakh under Rupee Term Loan (RTL) Scheme.



#### Thangjam Agro Industries Pvt. Ltd.

Thangjam Agro Industries Pvt. Ltd. is a food processing unit located at Nilakuthi Food Park, Imphal East District, Manipur. NEDFi sanctioned ₹ 500.00 lakh under Rupee Term Loan (RTL) Scheme.





#### Sri Realtors

Sri Realtors is a warehouse located at Jorhat, Assam. NEDFi sanctioned ₹ 365.00 lakh under Rupee Term Loan (RTL) Scheme.



#### White Hope Education Society

White Hope Education Society is located at Seitheke Basa Village, Dimapur, Nagaland. NEDFi sanctioned ₹ 200.00 lakh under Rupee Term Loan (RTL) Scheme for its expansion.



#### **Mangla Tea Factory**

Mangla Tea Factory is a CTC tea manufacturing unit located at Golaghat, Assam. NEDFi sanctioned ₹ 150.00 lakh under Rupee Term Loan (RTL) Scheme.



#### Amitabha School

Amitabha School is located at Sonam Tshering Marg, Gangtok, East Sikkim. NEDFi sanctioned ₹ 100.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for its expansion.





#### **1 India Family Mart**

1 India Family Mart is a unit of K.G. Enterprises, a retail store located at Thoubal District, Manipur. NEDFi sanctioned ₹ 80.00 lakh under Rupee Term Loan (RTL) Scheme.



#### **Apex Motorcycles**

Apex Motorcycles is located at Middle Tadong, Gangtok, East Sikkim. NEDFi sanctioned ₹80.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



#### **Rupalim Traders**

Rupalim Traders is a Poultry Layer unit located at Sonapur, Kamrup, Assam. NEDFi sanctioned ₹ 48.50 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



#### Vivek Home Girls Hostel

Vivek Home Girls Hostel is located at Itanagar, Papum Pare District, Arunachal Pradesh. NEDFi sanctioned ₹ 45.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for its expansion.





### Breathe Superspeciality Clinic & Diagnostics

Breathe Superspeciality Clinic & Diagnostics is located at Super Market, Dispur, Assam. NEDFi sanctioned ₹ 40.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



#### **D&D Higher Secondary School**

D&D Higher Secondary School is located at Salem, Lunglei, Mizoram. NEDFi sanctioned ₹ 35.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### **Park View Shopping Complex**

Park View Shopping Complex is located at Chanmari, Lunglei, Mizoram. NEDFi sanctioned ₹ 35.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### **Tumble Dry**

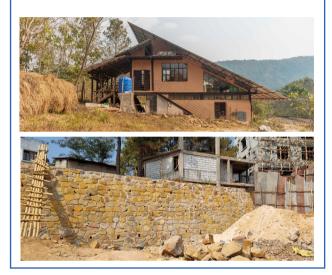
Tumble Dry, a unit of Cardinal Care LLP, is a laundry and dry cleaning unit located at Ramnagar, Agartala, West Tripura. NEDFi sanctioned ₹ 22.75 lakh under North East Entrepreneurs Development Scheme (NEEDS).





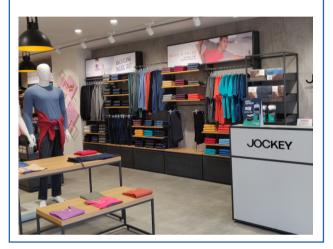
#### Dakti Craft

Dakti Craft is a craft unit located at Mawpat, Shillong, Meghalaya. NEDFi sanctioned ₹ 16.50 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Archita's

Archita's is an exclusive retail outlet of Jockey International Inc., located at A.T. Road, Sivasagar, Assam. NEDFi sanctioned ₹ 15.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Transcendent Dental Clinic

Transcendent Dental Clinic is located at Aitorma Sentrum, Agartala, West Tripura. NEDFi sanctioned ₹ 15.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### Kohinur Nath Hatchery & Farming

Kohinur Nath Hatchery & Farming is located at Huplong, Dharmanagar, North Tripura. NEDFi sanctioned ₹ 15.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).





#### Custom Cut 3:16

Custom Cut 3:16 is a carpentry unit located at PWD, Kohima, Nagaland. NEDFi sanctioned ₹ 15.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### Shiv Shakti Furniture

Shiv Shakti Furniture is located at Jorethang Road, South Sikkim, Sikkim. NEDFi sanctioned ₹ 14.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### **Computer City**

Computer City is a computer sales & service with accessories unit located at Udaipur, Gomati, Tripura. NEDFi sanctioned ₹ 12.50 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### Mawrie Garments Manufacturer

Mawrie Garments Manufacturer is located at East Khasi Hills District, Shillong, Meghalaya. NEDFi sanctioned ₹ 12.20 lakh under North East Entrepreneurs Development Scheme (NEEDS).





#### **Sunny Paper Product**

Sunny Paper Product is a paper cup and paper napkin manufacturing unit located at Namti Chariali, Sivasagar, Assam. NEDFi sanctioned ₹ 12.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### Life Line Diagnostic Centre

Life Line Diagnostic Centre is a Ultra Sonography unit located at Udaipur, Gomati, Tripura. NEDFi sanctioned ₹ 12.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Magic N

Magic N Boutique is located at Venglai, Lunglei, Mizoram. NEDFi sanctioned ₹ 10.00 lakh under Women Enterprise Development Scheme (WEDS) for its expansion.



#### Jai Krishna Gupta

Jai Krishna Gupta is a variety store located at Namchi Bazaar, Namchi, South Sikkim. NEDFi sanctioned ₹ 10.00 lakh under Enterprise Development Scheme (EDS).





#### **Tripura Tour & Crafts**

Tripura Tour & Crafts is located at Charilam, Sepahijela, Tripura. NEDFi sanctioned ₹ 10.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Maa Sarada Food Industry

Maa Sarada Food Industry is a puffed rice manufacturing unit located at Doul Bari, Sabroom, South Tripura. NEDFi sanctioned ₹ 10.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### **Shri Mahavir Collection**

Shri Mahavir Collection is a trading unit of readymade garments located at Dharmanagar, North Tripura. NEDFi sanctioned ₹ 9.00 lakh under Women Enterprise Development Scheme (WEDS).



#### New Kakoti Opticals

New Kakoti Opticals is an optical shop located at Temple Road, Sivasagar, Assam. NEDFi sanctioned ₹ 8.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.





#### Tanchan

Tanchan is a departmental store located at Khuyathong Polem Leikai, Imphal, West Manipur. NEDFi sanctioned ₹ 5.00 lakh under Enterprise Development Scheme (EDS) for its expansion.



#### Sharon Pharmacy

Sharon Pharmacy is located at Senapati Bazar, Senapati, Manipur. NEDFi sanctioned ₹ 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### KRZ Aluminium & Steel Fabrication

KRZ Aluminium & Steel Fabrication is located at Dawrpui Vengthar, Aizawl, Mizoram. NEDFi sanctioned ₹ 5.00 lakh under Enterprise Development Scheme (EDS) for its expansion.



#### Glanz Laser Clinic

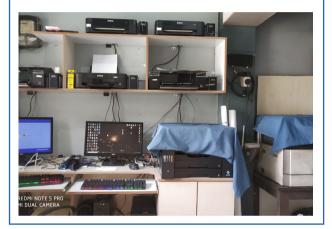
Glanz Laser Clinic is located at Bawngkawn, Aizawl, Mizoram. NEDFi sanctioned ₹ 5.00 lakh under Women Enterprise Development Scheme (WEDS) Scheme for its expansion.





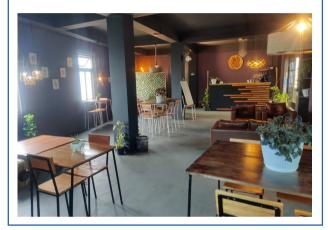
#### **Mars Photo Outlet**

Mars Photo Outlet is a photo processing unit located at Mission Veng, Aizawl, Mizoram. NEDFi sanctioned ₹ 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for its expansion.



#### Café 8N8

Café 8N8 is a restaurant located at High School Road, Kohima, Nagaland. NEDFi sanctioned ₹ 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Tripti's Plaza Point

Tripti's Plaza Point is a bakery shop located at Central Park, Namchi, Sikkim. NEDFi sanctioned ₹ 5.00 lakh under Enterprise Development Scheme (EDS) for its expansion.



#### Chandra Rai

Chandra Rai is a beauty parlour located at Shopping Plaza, Namchi, South Sikkim. NEDFi sanctioned ₹ 5.00 lakh under Women Enterprise Development Scheme (WEDS) for its expansion.





#### Surenz Kitchen

Surenz Kitchen is a multi-cuisine restaurant located at Bhanjyang Road, Namchi, Sikkim. NEDFi sanctioned ₹ 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



#### Laximi Gurung

Laximi Gurung is a timber shop located at Shiv Mandir Road, Gangtok, East Sikkim. NEDFi sanctioned ₹ 5.00 lakh under Women Enterprise Development Scheme (WEDS).



#### Sree Ganesha Departmental Store

Sree Ganesha Departmental Store is a grocery & stationery goods unit located at Udaipur, Gomati, Tripura. NEDFi sanctioned ₹ 5.00 lakh under Enterprise Development Scheme (EDS).



#### Shivanukul Hardware

Shivanukul Hardware is located at Rajbari, Dharmanagar, North Tripura. NEDFi sanctioned ₹ 5.00 lakh under Enterprise Development Scheme (EDS).







NEDFi Micro Finance Scheme (NMFS) was launched to provide micro credit support to the micro and small borrowers, through MFIs, for carrying out various income generation activities in farm and non-farm sectors. The Scheme has been beneficial to the weaker sections in un-served & under-served areas of the region. Majority of the beneficiaries are women and the Scheme has enabled them to increase their earnings. The case studies of some of the women beneficiaries under the Scheme are given below.

#### Ms. K Amenla Aier

Ms. K Amenla Aier is running a bakery in Duncan Basti, Dimapur, Nagaland. She availed 1st cycle Ioan of ₹ 10,000/- from Grameen Development and Finance Pvt. Ltd. (a NEDFi assisted NBFC-MFI) in the year 2016 and started the bakery. With expansion of business volumes over the years, she is now running a bakery training center for the locals.



#### Ms. Lalawmpuii

Ms. Lalawmpuii, from College Veng, Aizawl, Mizoram, availed 1st cycle Ioan of ₹ 25,000/from Grameen Development and Finance Pvt. Ltd. (a NEDFi assisted NBFC-MFI) to establish a shoe shop in her hometown. She is now able to support her family with more profit and is also repaying her installment on time.



### MICRO FINANCE



#### Ms. Anjuli Hajong

Ms. Anjuli Hajong, a resident of Kathalbari, Tikrikilla, Dist. West Garo Hills, Meghalaya, runs a grocery shop. She availed 1st cycle Ioan of ₹ 10,000/- from Grameen Development Finance Pvt Ltd. (a NEDFi assisted NBFC-MFI) in the year 2015. She is now continuing with the 5th cycle Ioan which has supported in upscaling her business. She has set an example, becoming one of the first women entrepreneurs, encouraging other women in her Iocality.



#### Ms. Himani Daimari

Ms. Himani Daimari, a resident of Bagaribari Village, Udalguri District, Assam, started a vegetable shop in 2019, by availing 1st cycle loan of ₹ 30,000/- from Satra Development Finance Private Limited (a NEDFi assisted NBFC-MFI). After liquidation of the loan, she availed 2nd cycle of ₹ 30000/- in 2020. The vegetable shop has been running smoothly with an increased income. She has also started cloth business with a new loan. At present she is generating more profit and improved her standard of living.



#### Ms. Yapeny Tali

Ms. Yapeny Tali, is from Pasighat, Dist. East Siang, Aruanchal Pradesh. She is the proud owner of a piggery farm. She availed 1st cycle loan of ₹ 20,000/- from Nightingale Finvest Pvt. Ltd. (a NEDFi assisted NBFC-MFI) which was liquidated on time. She also availed 2nd cycle loan of ₹ 30,000/- for the expansion of her business which enabled her to do better in business as well as improve the standard of living for her family.





NEDFi has positioned itself as a one-stop solution for Advisory & Consultancy Services to the State Governments, Central Ministries/ Institutions, Public Sector Undertakings working in the region, mainly executing consultancy projects/assignments in the functional areas of Strategic Consulting, Monitoring & Evaluation of Infrastructure and Natural Resource Management Projects, Programme Management & Implementation Support and 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 of the assignments undertaken by NEDFi during FY 21 are enumerated below.

#### **Strategic Consulting**

The Strategic Consulting services of NEDFi are aimed at delivering solutions related to high level strategic issues faced by the State Governments, Central Government Ministries and Agencies working in the region, on strategic topics such as Public Sector Policy and Governance Strategic, Techno-Economic Strategy, Corporate Strategy, Organizational Strategy, Functional Strategy etc. During the year, NEDFi carried out certain prestigious Strategic Consulting assignments such as "Preparation of Action Plan for Promotion of Bamboo Sector in NER", "Preparation of Action Plan on Value-Chain Development of Horticulture-Fruits & Vegetables in NER", "Study on Factors Impeding the Growth of Bamboo Sector in NER", "Bamboo Market Research for the state of Meghalaya", "Strategic Roadmap for bringing Investors from South East Asia (CLMV&T) to NER through Seed Project Approach" and "Skill Gap Study in Sikkim with the focus on MSME".



Brainstorming on Strategic Roadmap for bringing Investors from South East Asia to NER

Field visit for Skill Gap Study in Sikkim with the focus on MSME



#### Monitoring & Evaluation of Infrastructure and Natural Resource Management Projects

Monitoring, Evaluation, Impact Assessment and Performance Audit of Infrastructure & Natural Management Projects have been a forte of NEDFi's Advisory & Consultancy business since its inception. During the year, some consulting works carried out in this area are "Third Party Monitoring of PMGSY Roads in Arunachal Pradesh, Meghalaya & Assam", "Third Party Quality Monitoring of CSS & State Funded Projects in Arunachal Pradesh", "Independent Verification of the achievements of Disbursement Linked Indicators (DLIs) under the World Bank financed Assam Citizen Centric Service Delivery Project (ACCSDP)", "Third Party Quality Monitoring of PMAY Scheme in Meghalaya" and "Monitoring Assignment of Border Area Development Programme (BADP) Projects in Arunachal Pradesh".



Field visit for Independent Verification of the achievements of Disbursement Linked Indicators (DLIs)

Quality Monitoring of CSS & State Funded Projects in Arunachal Pradesh

#### **Programme Management & Implementation Support**

NEDFi's Programme Management & Implementation Support Services, specially designed for Government Ministries, Departments and Institutions both at Central and State level, primarily deals with setting up of Program Management Units (PMUs) for implementation of projects and schemes, providing policy, program and knowledge management support along with support in designing and implementation of day-to-day activities. In this functional area, NEDFi has developed a State of the Art Resource Centre (SAREC) for career & livelihood opportunities for youths of the NE Region which will act as 'one-stop solution' for education, employment and entrepreneurship. The project is funded by the North Eastern Council (NEC), MDoNER, Government of India.



#### Capacity Building & Institutional Strengthening

Capacity Building & Institutional Strengthening services of NEDFi focuses on capacity building and upgrading the operational capabilities of clients for implementing various projects, regular training of various departments, advising policy makers, Central and State Government & its agencies in developing systems to create responsive institutional and administrative structures. NEDFi is working on projects such as "Supporting ASRLMS in Capacity Building of Rural Women of Assam by conducting training on Water Hyacinth Crafts in various districts of the state of Assam", "Project on Market Linkage Programme for SHG Craft Clusters of Assam under Assam State Rural Livelihood Mission (ASRLM)" and "Women Entrepreneurship Development Programme for DST, Govt. of India".

#### **Operations Consulting**

Operations Consulting services of NEDFi focuses on improving the operational

client's organization performance of of Product/Service business areas in Manpower Plannina, Management, Procurement, Marketing & Sales Management and Administrative functions. In this functional area, NEDFi is working on projects such as "Preparation of Action Plan for Revival of NERAMAC", "Preparation of Revival Plan for NEHHDC" and "Study of Increasing MSME & Start-up Financing Coverage & Expansion of NEDFi's Role in NER",- etc.

#### **Infrastructure Advisory**

Infrastructure Advisory services are aimed at infrastructure requirements of multiple sectors of economy focusing on services related to Project Management Consultancy (PMC), Preparation of Feasibility Reports, Detailed Project Report, Contract Management & Supervision of Works Contract. In this area, NEDFi is working on projects such as "Quality Inspection & Work Measurement of Jal Jeevan Mission (JJM) Projects in Meghalaya".



Quality Inspection & Work Measurement of Jal Jeevan Mission(JJM) Projects in Meghalaya



#### **Transaction & Bid Advisory**

NEDFi's Transaction and Bid Advisory Services are aimed at assisting Governments, public sector undertakings and private sector selected strong project partners by providing solutions in contract formulation, bid evaluation and partner selection, negotiation assistance and process management and assistance in drafting, reviewing and negotiating project contracts and concession agreements. In this functional area, NEDFi is working on projects such as "Setting up of Bamboo Testing Lab at BCDI, Agartala".



Setting up of Bamboo Testing Lab at BCDI, Agartala



### NORTH EAST VENTURE FUND

NEDFi in association with the Ministry of Development of North Eastern Region (MDoNER) has set up North East Venture Fund (NEVF), a dedicated venture fund for the North Eastern region, wherein SIDBI is also a contributor. Investments under NEVF typically target startups, early stage and growth stage companies with new products and technologies or innovative business models, to fill the much-needed gap of equity faced by the entrepreneurs of the region. The success stories of some of the beneficiaries assisted under NEVF are given below.

#### OSK Food and Technology Pvt. Ltd.

OSK Food and Technology Pvt. Ltd. is an app based virtual/cloud kitchen based at Guwahati, Assam. OSK started its services via social media and then followed it by an OSK mobile application for users. It is the first ever cloud kitchen application in the region. They are also listed on food aggregator applications like Swiggy, Uber Eats and Zomato. One Stop Kitchen specializes in Indian meals and fusion foods. Apart from One Stop Kitchen, the company also has a brand named "House of Biryani" that specializes in different kinds of biryani. OSK has two more verticals with commenced business. The vertical "Dabba Co." is a vertical that focuses on corporate meals (tiffins) for the working population. The other vertical "Health Box" focuses on providing personalized diet meals at user's doorstep.





### NORTH EAST VENTURE FUND



#### aAHARAN EduSMART Pvt. Ltd.

aAHARAN EduSMART Pvt. Ltd. is a learning app for Class X students of Tripura Board of Secondary Education (TBSE). The app aims at guiding students to understand better, using attractive and effective multimedia techniques for an annual subscription. Other features include flexibility and moderate pricing.

The company aims to provide truly quality education Available, Accessible and Affordable to every student in Tripura. aAHARAN, with the help of eminent teachers & authors - has developed need-based Animated Premium Video Tutorials, Study Materials,



Online Test Series, Suggestions, etc. to provide quality education to students through the app.

#### Etash Delivery Technologies Pvt. Ltd.

Etash Delivery Technologies Pvt. Ltd. is based at Guwahati, Assam, working in the field of providing lastmile delivery solutions. It started with an average load of 300 packages per day. Over the years, it has grown to over 8,000 shipments per day, delivering to over 55 pin codes. The company has expanded its presence from 1 location in 2015 to 16 locations currently, across 7 States, providing last mile delivery solutions to Amazon Transport Services (P) Ltd. and Blue Dart.







NEDFi's Corporate Social Responsibility (CSR) policy focuses on women empowerment, livelihood enhancement projects, development of craft sector in rural & backward areas and also facilitating marketing support to the artisans of the region through participation in exhibitions, trade fairs & sales from its various showrooms. A few snapshots of CSR initiatives undertaken by NEDFi are given below.





Shri Neiba Cronu, Hon'ble Minister, Planning & Coordination, Land Revenue and Parliamentary Affairs, Nagaland, with beneficiaries of Cardamom Fiber Training Progamme at Pfutsero, Nagaland in March, 2021



Smt. Pratima Bhoumik, Hon'ble Minister(S), Ministry of Social Justice and Empowerment Govt. of India, visiting NEDFi stall at Tripura Industrial Fair held at Agartala in February, 2021

Specific design development programme on handloom at NEDFi Craft Incubation Centre, Khetri in April, 2021



Capacity Building Programme on Multi Shaft Weaving held at Chhaygaon, Assam in March, 2021



Sapling distribution during Awareness Programme on Medicinal & Aromatic Plants held at Agartala, Tripura in March, 2021





Capacity Building Programme on preparation of Bamboo Bottle held at Agartala in March, 2021



Products developed during Cardamom Fiber Training Programme at Anjaw, Arunachal Pradesh in February, 2021



Capacity Building Programme on use of Cardamom Fiber in Handloom held at Pfutsero, Nagaland in March, 2021

**CONTRIBUTION TO PM CARES FUND** 

NEDFi's Craft Showroom at Aizawl, Mizoram



NEDFi contributed ₹ 2 Crore to PM Cares Fund to fight against COVID-19



#### **CONTRIBUTION TO CHIEF MINISTER'S RELIEF FUND**



Assam





Manipur

Meghalaya



Mizoram

Nagaland



Sikkim

Tripura

NEDFi's contribution to CM's Relief Fund of all North East States under Mission Oxygen Programme to fight against COVID-19



#### **CLEARANCE SALE OF ARTISANAL PRODUCTS OF NER**



Inauguration of Clearance Sale of Artisanal Products of NER at NEDFi House, Guwahati on August 9, 2021 by Shri Chandra Mohan Patowary, Hon'ble Minister of Industries & Commerce, Govt. of Assam



Clearance sale of Artisanal Products of NER held at NEDFi House, Guwahati



#### VISIT



Ms. Melinda Pavek, Consul General, US Consulate Kolkata visited NEDFi H.O., Guwahati on October 21, 2021 and discussed on the economic scenario of the NE Region and also NEDFi's activities in development of the Region.

#### **INDEPENDENCE DAY**



Independence Day celebration at NEDFi House, Guwahati



#### **AZADI KA AMRIT MAHOTSAV**



Rendering of National Anthem by CMD & officials of NEDFi at NEDFi House, Guwahati, as a part of "Azadi ka Amrit Mahotsav" celebration to commemorate the 75th Anniversary of India's Independence.



NEDFi HO, Guwahati



Darrang, Assam



Karbi Anglong, Assam



Pasighat, Arunachal Pradesh



Dimapur, Nagaland

Ukhrul, Manipur





Aizawl, Mizoram

Gangtok, Sikkim

Udaipur, Tripura

NEDFi extended microcredit assistance as a part of "Azadi ka Amrit Mahotsav" celebration to commemorate the 75th Anniversary of India's Independence.











Arunachal Pradesh

Assam

Manipur

Meghalaya



Mizoram





Sikkim

Tripura

#### **HINDI WEEK**



नेडफी ने मनाया हिंदी सप्ताह



#### **VIGILANCE AWARENESS WEEK**



Pledge taken by NEDFi Officials at Head Office during Vigilance Awareness Week



Prize distribution of Essay Writing Competition at Tinsukia Branch





Prize distribution of Essay Writing Competition at Itanagar Branch



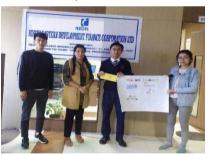
Oath taken by the officials of Imphal Branch



organised by Shillong Branch.



Winners of Essay Writing Competition Prize distribution of Slogan Writing Competition at Lunglai Branch.



Prize distribution of Poster Making Competition at Kohima Branch.



Prize distribution of Essay Writing Competition at Gangtok Branch



Oath taken by the officials of Agartala Branch



# BOARD OF DIRECTORS



Shri P.V.S.L.N. Murty

Shri P.V.S.L.N. Murty, Chairman & Managing Director of NEDFi, has over 40 years of rich commercial and development banking experience in diverse and varied areas of the Financial System. A graduate in Commerce and Masters in IR & PM, Shri Murty, previously served the State Bank of India – largest public sector bank – as Chief General Manager and Chief Strategy Officer based at the Corporate office, Mumbai. He has also the experience of serving the Northeast Region for over 3 years as Chief General Manager. Shri Murty has worked in operations all throughout his career and has wide experience in the areas of Credit, NPA Recovery & Monitoring, Basel III Norms, etc. Besides serving as member on the Board of Directors of NEDFi from June 2016 to November 2018, he was also on the Boards of Indian Institute of Bank Management (IIBM), ATTF and many large Industrial Corporates. He was instrumental in bringing up 'APONGHAR' a popular Housing Loan Scheme for Govt. of Assam employees, in collaboration with Assam Government.



Shri Suresh Chandra Gupta, IAS

Shri Suresh Chandra Gupta, IAS (SKM: 1986 RR) is the Chief Secretary, Govt. of Sikkim. He is a Post Graduate in Economic Administration and LLB from the University of Rajasthan. He has a Master's Degree in Public Management from Harvard Kennedy School of Government and a Lee Kuan Yew Fellow at the LKY School of Public Policy, National University of Singapore. He also has a Master's Diploma in Public Administration from Indian Institute of Public Administration, New Delhi and is a qualified Company Secretary.

Shri Gupta has worked in various capacities both in the Central Government and in the State Government for over 34 years. He served on the Board of Directors of NABARD. He has also served as Joint Secretary in the Departments of Chemicals and Fertilizers, Government of India. He has also served on the Boards of Central PSUs like Hindustan Organic Chemicals Ltd., Hindustan

Insecticides Ltd., Rashtriya Chemicals and Fertilizers Ltd., National Fertilizers Ltd., Fertilizers and Chemicals Travancore (FACT) Ltd. and Krishak Bharati Cooperative Ltd. (KRIBHCO).

In the Govt. of Sikkim, Shri Gupta has held the responsibility of Additional Chief Secretary in the Departments of Home, Tourism and also as Agriculture Production Commissioner. He has also worked in all the 4 districts of Sikkim as District Collector (in West and South District) and DDO (in North and East District) in early part of his civil service career. Before joining IAS, he worked for banking, insurance and financial institutions like IDBI, LICI, Punjab National Bank and UTI Bank.



Shri Manoj Kumar, IAS of Tripura Cadre (1990 batch) is the Chief Secretary, Government of Tripura. Shri Kumar has an educational background of M.Tech from IIT, Kanpur. He had served the public services in the Cadre State in various capacities such as District Magistrate and Secretary, Principal Secretary & Additional Chief Secretary of Home, Finance, Forest, Revenue & Power, etc. Departments. He has also working experience in the Ministry of Commerce & Industries, Coal, Shipping, etc. under the Central Government.

# **BOARD OF DIRECTORS**





Shri Rambir Singh, IFS

Shri Rambir Singh is an IFS Officer of Haryana Cadre (1993 batch) and at present is Joint Secretary in Ministry of Development of North Eastern Region (DoNER), Government of India. He represents Government of India on the Board of NEDFi. Shri Rambir Singh has an educational background of MSc. from Punjab University, Chandigarh. He had served the public services in the Cadre State in various capacities ranging from District Level to Addl. Principal Chief Conservator of Forests and also as Director, Ministry of Home Affairs, Government of India, etc. In Government of India, Shri Rambir Singh as Joint Secretary has the responsibility of looking after Administration and PSU Wing of Ministry of DoNER.



Shri Anoop Kumar represents the LIC of India on the Board of NEDFi. He served as Zonal Manager (Executive Director) of LIC of India, North Zone. Prior to that, Shri Kumar served as the Director of Zonal Training Centre (North Zone) based at Gurugram. A respected life insurance executive with extensive experience and established track record of leading and guiding large cross functional teams of Sales, Operations, Human Resources and Training Executives. He is an experienced leader in knowledge management and training initiatives, launching products, driving efficiencies, engagement and revenue. He is also an expert public speaker and presenter with ability to forge lasting relationships with strategic partners and other financial institutions in the public sector and private sector. Shri Kumar is considered among the top rated motivational speakers in LIC for life insurance sales and marketing, human resource management, customer relationship management and

sales through multiple distribution channels and verticals among the target groups consisting of executives, bank officials, marketing teams, sales managers (Development Officers), agents, trainers and executives representing different verticals and distribution channels.



Shri R. S. Ramesh is Chief General Manager, State Bank of India, North Eastern Circle, Guwahati. He joined State Bank of India as a Probationary Officer in 1985 and has held various important assignments in the bank. He is a Graduate in Science and a Certified Associate of Indian Institute of Bankers. Before he took over the Charge of North Eastern Circle of SBI, he was posted as General Manager (Retail & Subsidiaries) in International Banking Group at Corporate Centre, Mumbai and was responsible for business strategy, business development, operational efficiency and other functional areas of the retail business of foreign offices of all overseas banking subsidiaries and joint ventures.

A career banker with experience of over 34 years, Shri Ramesh has held various positions across a wide range of domains including International Banking, Correspondent Relationship Banking, Retail Banking, Stressed Asset Management Group.



# BOARD OF DIRECTORS



Shri Saumya Chaudhuri Shri Saumya Chaudhuri is Chief General Manager, IDBI Bank Limited 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 Jawaharlal Nehru University. He has rich experience in different areas of operations like Economic, Research, Corporate Strategy & Planning, Corporate Communications and CSR, Project Finance, Risk Management, Retails Banking etc.



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). Shri Pai is a Postgraduate in Physics from Jadavpur University. He has also served as a Nominee Director in the Board of CESC Ltd. and Dhanseri Petrochemicals Ltd.



Dr. Natalie West Kharkongor Dr. Natalie West Kharkongor 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 2 Research Projects sponsored by University Grants Commission, India. She has 28 years of teaching experience, 26 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 Nov, 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 the pleasure in presenting their 26th Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2021 (FY 21).

#### **Financial Review**

The Standalone financial results for the year are highlighted below:

		. ,
Financial Year	2020-21	2019-20
Authorised Capital	500.00	500.00
Paid-up Capital	100.00	100.00
Net worth	895.68	800.72
Loan Outstanding	1104.50	1056.34
Capital to Risk (Weighted) Assets Ratio (CRAR) (%)	56.98	53.91
Working Results		
Gross Income	184.84	158.03
Interest Income	111.07	94.81
Non-Interest Income	73.77	63.22
Gross Expenditure	101.23	102.32
Profit Before Tax	83.61	55.71
Tax Expenses	13.64	21.60
Profit After Tax	69.97	34.11
Earning Per Share (₹)	6.98	3.41

#### The Consolidated financial results for the year are highlighted below:

(₹ in Crore)

(₹ in Crore)

Financial Year	2020-21	2019-20
Total Income	186.93	161.23
Total Expenses	102.96	103.83
Profit Before Tax	895.68	800.72
Tax Expenses	13.73	21.97
Profit After Tax	70.24	35.43
Earnings Per Share (₹)	7.00	3.54



#### **Performance of the Corporation**

FY 21 was the most tumultuous year in the history of last 75 years of independent India, as the COVID-19 pandemic wreaked havoc locally, as well as globally. Investment environment was not conducive due to slowdown in the overall economy, lack of liquidity in the market and low sentiments of the entrepreneurs, which was further exacerbated by the COVID-19 pandemic. The banking sector also saw tepid demand for credit. The slowdown in credit growth was broad-based across all major sectors. The reduction in the repo rate had resulted in downward spiraling in lending rates across the banking industry.

During the year under review, due to prolonged lockdown in entire Northeast India, the Corporation faced many difficulties and challenges. However, the Corporation anticipated the challenges early and made continuous & rigorous efforts to improve its working results. The Corporation's sanctions and disbursements were ₹ 380.06 crore and ₹ 311.29 crore against the previous year's figure of ₹440.73 crore and ₹319.43 crore respectively. As on March 31, 2021, the Corporation had extended financial assistance to 7678 projects with cumulative sanctions & disbursements of ₹ 5867.98 crore and ₹ 4533.93 crore, respectively. The loan outstanding as on March 31, 2021 was ₹ 1104.50 crore against ₹ 1056.34 crore in the previous year.

Gross income of the Corporation grew yearon-year by 16.97% to ₹ 184.84 crore against ₹ 158.03 crore, particularly due to increase in interest income. The interest income grew by 17.15% to ₹ 111.07 crore against ₹ 94.81 crore in the previous year and non-interest income by 16.69% to ₹ 73.77 crore from ₹ 63.22 crore. Gross profit of the Corporation increased by 50% to ₹ 83.61 crore against ₹ 55.71 crore and net profit increased by 105.13% to ₹ 69.97 crore against ₹ 34.11 crore in the previous year.

The gross NPA of the Corporation reduced to 6.73% as on March 31, 2021 from 12.32% in the previous financial year while the net NPA reduced sharply to 2.74% from 6.48%. As on March 31, 2021, the gross NPA and net NPA were ₹ 74.34 crore and ₹ 29.00 crore, respectively against the corresponding figures of ₹ 130.14 crore and ₹ 64.20 crore in the previous financial year.

The Capital Adequacy Ratio was 56.98% as on March 31, 2021, against 53.91% in the previous year.

The Corporation has been making provisions for NPAs as mandated under the prudential norms issued by the Reserve Bank of India from time to time.

As per the requirement of regulations under RBI, the Corporation has transferred the following amounts to various reserves during the financial year ended March 31, 2021:

Amount transferred to	INR in crore
Statutory Reserve	13.99
Special Reserve	10.49



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.

#### **Micro Finance**

The "NEDFi Micro Finance Scheme" was launched by the Corporation to assist the grassroot small borrowers in unserved and underserved areas of the North Eastern Region. Through the Scheme, the Corporation provides wholesale micro credit to Micro Finance Institutions (MFIs) of the region for onlending to low income individuals for carrying out various income generating activities in farm and non-farm sectors.

During the year, the Corporation sanctioned, under the Scheme, an amount of ₹ 27.30 crore and disbursed ₹ 50.60 crore. As on March 31, 2021, the cumulative sanctions & disbursements, under the scheme, were ₹ 882.40 crore & ₹ 872.16 crore, respectively which touched the lives of more than eight lakh beneficiaries. More than 90% of the beneficiaries under the scheme are women which has enabled them to improve their economic status and move up above the poverty line.

In Microfinance, capacity building is a continuous exercise and to cope up with the changes & developments in the sector, the functionaries and staff of MFIs need to continuously upgrade their knowledge and skill sets. The Corporation assists these MFIs by conducting such capacity building programmes on risk management, operation management, systems and processes, financial management, human resource management, etc. During the year, the Corporation conducted four programmes through E-learning approach where 318 participants from assisted MFIs attended.

#### **Business Development Initiatives**

The Corporation organises business meets for dissemination of information on its various schemes. During the year, a total of 14 business meets were organised where 333 prospective entrepreneurs from all NE States participated. In addition, the Business Facilitation Centres of the Corporation in all the NE States provides mentoring assistance to the first generation entrepreneurs, on managerial, technical, financial, commercial & marketing, preparation of project reports and credit linkages. During the year, a total of 928 entrepreneurs were mentored, out of which credit linkages were extended to 357 entrepreneurs.

#### Techno-Economic Feasibility Studies

The Corporation conducts various technoeconomic feasibility studies for industry and infrastructure projects suitable to the region. The areas of studies covered are Agriculture & Allied Sector, Horticulture, IT/ITES, Fishery, Tourism & Hospitality, Handloom & Handicraft, MSME, Education & Training, Trade & Commerce, Animal Husbandry & Dairy, Post-Harvest Management, Forestry, Sericulture, Service Sector, Leather & Rubber industries, Evaluation / Revival / Impact / Market Study, Skill Development, Natural Gas & Minerals, Planning & Development, Pearl Culture, Health & Allied etc. as on 31st March, 2021, 94 studies were completed and 10 studies were 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 and North East Industrial Development Scheme (NEIDS), 2017 which is administered by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of India. The Corporation facilitates disbursement of subsidies to industrial units of all the 8 NE States under the Transport Subsidy Scheme, Central Capital Investment Subsidy Scheme, Central Interest Subsidy Scheme, Freight Subsidy Scheme & Central Comprehensive Insurance Subsidy Scheme.

During the year under review, an amount of ₹ 527.23 crore was released under various Central Subsidy Schemes. The details of disbursements under various schemes are given below.

(₹ in Crore)

Scheme	FY 2019-20	FY 2020-21	Cumulative as on March 31, 2021
Transport Subsidy	248.40	167.71	4330.70
Central Capital Investment Subsidy	605.76	147.46	2764.37
Central Interest Subsidy	27.61	27.03	455.93
Central Comprehensive Insurance Subsidy	5.76	35.99	89.71
Freight Subsidy	118.26	149.04	412.63
Total	1005.79	527.23	8053.34

#### Advisory and Consultancy Services

The Corporation provides Advisory Consultancy Services to the State & Governments, Central Ministries/Institutions Public Sector Undertakings working & in the region by executing consultancy projects/assignments in the functional areas of Strategy Consulting, Monitoring & Evaluation of Infrastructure & Natural Resource Management Projects, Programme Management Implementation & Support, Capacity Building & Institutional Strengthening, etc. The domains in which these services are 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, etc.

During the year, the Corporation had executed several prestigious consultancy assignments, special mention may be made on the assignment of Ministry of DoNER on preparation of Action Plans on focus sectors in the North East, in line with the Prime Minister's vision towards development of North East, i.e. Bamboo, Oil Palm, Horticulture, Handloom & Handicraft, Organic Farming & Spices. The Ministry of DoNER had also assigned the task of preparation of the rehabilitation and revival plans for North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC), Techno-Economic Viability Study & Business Plan for Revival of North Eastern Handicrafts & HandloomsCorporationLtd.(NEHHDC).Further, the North Eastern Council (NEC), Shillong had assigned the task to develop a single window web portal "State of the Art Resource Centre (SAREC)" for career & livelihood opportunities

for youths of the NE Region, which will guide the youths of NER to take informed decision about their career and livelihood and act as one-stop solution for education information, counseling, employment and entrepreneurship development.

Apart from the above assignments, the Corporation had also executed and inspected many road and bridge projects under PMGSY Scheme, CSS & State Funded Projects/ Schemes including Third Party Inspection Agency for Jal Jeevan Mission (JJM) in the State of Meghalaya which has helped in implementation of infrastructure sector in the region. During the year, the Corporation bagged a total of 13 projects with order bookings of ₹ 22.72 crore.

#### **HRD Initiatives**

The Corporation responded to the COVID-19 crisis by implementing various measures to ensure the safety and well-being of its employees. The strategies involved ensuring the protection of its human capital while focusing on providing uninterrupted service to the customers across the North Eastern Region. During the year, the Corporation organised various online & offline training programmes for the employees.

#### **NEDFi Convention Centre**

The NEDFi Convention Centre at NEDFi House, Guwahati is strategically located in the heart of the city with state-of-the-art convention facility to host meetings, conference, exhibitions, etc. on a commercial basis. In view of the pandemic, the Centre had closed its operation during April-October 2020 and for the remaining period, a total of 19 events were held at the Centre.



#### **NER Databank**

The Corporation is maintaining a web-based portal called "NER Databank" which is a single-point storehouse 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 the "NEDFi Databank Journal", a journal which provides analytical sectoral data of the various States of the North Eastern Region. The purpose of the journal is to provide an updated single point data for easy reference by potential investors to make informed investment decision in the region as well as be of use for research by students, policy makers and business persons.

#### 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 low. Also, the Corporation has installed a 50 KW solar plant in the office premises for further minimizing the energy cost. To provide the best services to its customers, the Corporation has developed a new IT Loan and Accounting Software System, which also address the MIS



requirements of the management and the regulatory authorities. There was 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 of the Board (RMCB), Internal Risk Management Committee (IRMC), 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 on regular basis.

#### **Corporate Social Responsibility**

In accordance with Section 135 of Companies Act 2013, the Corporation constituted a Social Responsibility (CSR) Corporate Committee of the Board. The Members of the Committee as on March 31, 2021 were as under:

- Shri B. P. Muktieh - Chairman and Managing Director
- Dr. Natalie West Kharkongor
  - Woman Director
- Shri R. S. Ramesh
  - Director
- Shri A. Kumar
  - Director
- Shri B. J. Sarma
  - Director
- Shri S.K. Pai
  - Director

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

The CSR expenditure incurred during FY 21 was ₹ 2.72 crore against the minimum mandatory statutory requirements of ₹ 1.47 crore, being 2% of average net profit of three preceding financial years i.e FY 18, FY 19 and FY 20. A separate report on CSR Policy has been enclosed as a part of Annual Report.

A summary of fund utilisation is mentioned below: (₹ ir		(₹ in Lakh)
SI. No.	Head of Expenditure	Amount
1	PM CARES Fund	200.00
2	Corpus Fund for NE-SHILP	50.00
3	Capacity Building Programmes	11.34
4	Market Linkage and Other Miscellaneous Activities	10.45
Total		271.79

A summary of fund utilisation is mentioned below:

Highlights of CSR and developmental activities undertaken during FY21 are as follows:

# -STORIECTS-

<b>CSR P</b>	<b>CSR PROJECTS:-</b>								(₹ in Lakh)
રં	CSR Projects		State and District of Project Coverage	rict of Project rage	Project	Amount Spent	t Spent	Cumulative	Direct Or
No.	Identified	sector	State	District	wise outlay	Direct Exp	Over head	Expense	agency
L			Assam	*Kamrup (Metro)	7.84	7.84	Nil	7.84	
2	:		Assam	Darrang	0.88	0.88	Nil	0.88	
ĸ	Capacity Building, Marketing		Arunachal Pradesh	Anjaw	1.50	1.50	Nil	1.50	
4	Support &		Mizoram	Aizwal	1.15	1.15	Nil	1.15	Direct
വ	miscellaneous	Livelihood Enhancement	Nagaland	Phek	1.50	1.50	Nil	1.50	
9	activities & proiects		Sikkim	East Sikkim	0.50	0.50	Nil	0.50	
7			Tripura	West Tripura	8.42	8.42	Nil	8.42	
8			Sub Total (A	(	21.79	21.79	Nil	21.79	
6	Corpus Fund for NE-SHILP		NER	NER	50.00	50.00	Nil	50.00	
10	PM CARES Fund		ALL INDIA	ALL INDIA	200.00	200.00	Nil	200.00	
II			Sub Total (B)		250.00	250.00	Nil	250.00	
		Grand Total (A+B)			271.79	271.79	Nİ	271.79	

Assam also include various capacity building programmes and exhibitions, organised by NEDFi at its Registered Office, Guwahati, NEDFi Haat at Rupnagar, NEDFi R&D Centre at Khetri as well as programmes organised outside NER, which had representation from all the States of NER.

\* The Registered Office of the Corporation is situated in Kamrup (Metro) district. The figures indicated against the district of Kamrup (Metro),

# It is ensured that, implementation and monitoring of CSR activity is in compliance with CSR objectives, policy of the company. **Responsibility Statement:**





#### **1. CSR Activities**

The Corporation contributed an amount of ₹ 2.00 crore to PM CARES Fund during the first wave of COVID-19. It also sanctioned an amount of ₹ 50.00 lakh as corpus fund to North East Society for Handicraft Incubation and Livelihood Promotion (NE-SHILP), a Society promoted by NEDFi for providing market linkage to the artisans and weavers belonging to the handicraft and handloom sector of the region, who were affected by the COVID-19 pandemic.

**Sustainable Livelihood Programmes:** During the year, a total of 11 training programmes were organised covering 398 beneficiaries of various craft sectors.

#### 2. Developmental Activities

#### 2.1 Marketing Support:

The Corporation provided marketing support to 707 artisans through exhibitions as well as its showrooms located at Craft Showroom, Khetri, Craft Gallery, Dispur, NEDFi Haat, Guwahati and IEML, Greater Noida which are managed by NE-SHILP. The Corporation also participated in the Tripura Industrial Fair, Agartala.

#### 2.2 NEDFi Craft Incubation Centre, Khetri:

The Craft Incubation Centre at Khetri facilitated craft exposure visits to a group of 150 artisans from Assam State Rural Livelihood Mission. It also conducted advanced training programme for cluster leaders of 20 craft clusters of Assam in addition to a programme on standardization of handloom products.

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

The Centre at Khetri facilitated exposure visit to the students from various colleges/

institutions and provided technical assistance on cultivation of Citronella and Lemongrass to local farmers. Apart from this, extension and commercial cultivation of Assam Indigo/Lac were being taken up at the Centre during the year.

The R&D Centre at Nagicherra, Tripura, conducted one training programme on Medicinal & Aromatic Plants covering 40 nos. of local beneficiaries to create awareness on MAP including potential crops like Stevia, Citronella, etc.

#### 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 Section 188 of the Companies Act 2013:

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

#### Prevention and redressal of sexual harassment of women at workplace

The Corporation has constituted an in-house Committee for prevention and expeditious redressal of sexual harassment of women at workplace. The Committee examines and recommends actions required for prevention of sexual harassment of women at the workplace. During the year, three meetings were held. There are no complaints pending before the Committee.

# 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. H. K. Agrawala & Associates, Chartered Accountants, Guwahati, having registration number FRN 311081E, were appointed as Statutory Auditors' of the Corporation by the Comptroller and Auditor General of India (C&AG) for FY 21. There are no qualifications or adverse remarks in the Statutory Auditors' Report, which require any clarification/ explanation. The Notes on financial statements are self-explanatory and needs no further explanation. The Auditors' Report for the financial year ended March 31, 2021 is annexed herewith.

#### Secretarial Auditor and Audit Report

M/s Amit Pareek & Associates, Practising Company Secretary, Guwahati, having registration number FCS-5114 and CP No. 4289, were appointed by the Board of the Corporation to conduct Secretarial Audit for FY 21. The Secretarial Audit Report does not contain any major qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended March 31, 2021 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 fully implemented Ind AS during FY 21.

#### **Annual Return**

The Annual Return as required under Section 92 of the Companies Act, 2013 is available at the Corporation's website viz *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 6 (six) Directors; of which 5 (five) are Non-Executive Directors and 1 (one) Whole Time Director. The following table sets out the composition of the Committee as on March 31, 2021.

Name of the Director	Position held in the Committee	Category of the Director
Sri S.K.Pai	Member, Chairman	Non-Executive Independent Director
Sri A.Kumar	Member	Non-Executive Non Independent Director
Sri S.Chaudhuri	Member	Non-Executive Non Independent Director
Sri B.J.Sarma	Member	Non-Executive Independent Director
Dr. N.W.Kharkongor	Member	Non-Executive Independent Woman Director
Sri B.P. Muktieh	Member	Whole Time Director





#### **Remuneration Policy**

# Remuneration to Whole Time Executive Director

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

#### 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 21, the Board of Directors met 4 (four) times viz. on May 27, 2020, August 3, 2020, November 27, 2020 and February 19, 2021.

#### 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, 2021, 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 and prudent so as to give a true & fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit & 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 for preventing/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.

SI. 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)

#### Subsidiary, Joint Ventures and Associate Companies:



#### **Financial Details of Subsidiaries**

#### North East Venture Fund (NEVF)

The Corporation, jointly with the Ministry of DoNER had set up the North East Venture Fund (NEVF) with a corpus of ₹ 100 crore. The Fund is registered with Securities and Exchange Board of India (SEBI). SIDBI also invested in the fund. To operate the fund, two subsidiary companies of the Corporation, viz. (i) NEDFi Venture Capital Ltd. (NVCL) and (ii) NEDFi Trustee Ltd. (NTL) incorporated for carrying out Investment Management and Trusteeship functions. Investment under North East Venture Fund (NEVF) typically targets startups, early stage and growth stage companies with new products and technologies or innovative business model. NEVF targets to fill in the much felt equity gap faced by the startup entrepreneurs of the region. As on March 31, 2021, the Fund had provided, in-principle, commitment of ₹ 66.31 crore for 31 portfolio companies.

The financial performance of NVCL & NTL during the financial year 2020-21 is given below.

(₹ in Lakh)

PARTICULARS	NVCL	NTL
Total Income	206.04	3.55
Total Expenditure	171.17	2.12
Profit Before Tax	34.87	1.43
Tax Expense	8.77	0.36
Profit For The Year	26.10	1.07
Earnings Per Share (₹)	52.19	2.15

#### **Deposits**

The Corporation has not accepted deposits since its inception.

#### Details of Directors / Key Managerial Personnel and changes thereon:

The Corporation's Board had 10 (Ten) Directors, of which all except one were Non-Executive Directors. In the last Annual General Meeting held on December 22, 2020, none of the Directors retired by rotation.

Since the last Annual General Meeting, Shri B.P. Muktieh, Chairman and Managing Director NEDFi, Sri Indevar Pandey, IAS (DIN:06503182), Additional Secretary, Ministry of Development of North Eastern Region, Sri N.P. Sinha (DIN:07980838), Zonal Manager, LIC of India, Kolkata, relinquished their office as Directors. The Board placed on record its appreciation of the services rendered by Sarbasree B.P.Muktieh, Indevar Pandey, IAS and Sri N.P.Sinha during their respective tenure at NEDFi.

Shri P.V.S.L.N.Murty, retired Chief General Manager and Chief Strategy Officer, State Bank of India was appointed as Chairman and Managing Director, NEDFi, w.e.f 01/07/2021. Shri A. Kumar, (DIN: 09036480), Zonal Manager (Retd.), LIC of India, New Delhi, was appointed as Additional Director on the Board of NEDFi with effect from 20/01/2021 and will hold office up to the date of ensuing Annual General Meeting of the Company. Necessary resolution in this



regard has been incorporated in the notice of Twenty Sixth Annual General Meeting.

Shri Rambir Singh, (DIN: 0009173980), Joint Secretary, Ministry of Development of North Eastern Development Region, was appointed as Additional Director on the Board of NEDFi with effect from 25/05/2021 in place of Shri Indevar Pandey, IAS and will hold office up to the date of ensuing Annual General Meeting of the Company. Necessary resolution in this regard has been incorporated in the notice of Twenty Sixth Annual General Meeting.

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

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

#### **Sanctioning Committee**

The sanction of loan proposals having loan component above ₹1 crore are placed before the Sanctioning Committee for approval. During the year under review, 08 (eight) Sanctioning Committee Meetings were held.

#### **Corporate Credit Committee**

The Corporate Credit Committee (I), Corporate Credit Committee (II) and Branch Credit Committee were constituted for Ioan applications upto ₹1 crore with sanctioning power of (i) above ₹ 50 lakh up to ₹ 1 crore, (ii) up to ₹ 50 lakh and (iii) up to ₹ 5 lakh respectively. During the year under review, 16 (sixteen) Corporate Credit Committee (I), 31 (thirty one) Corporate Credit Committee (II) and 69 (sixty nine) Branch Credit Committee meetings were held.

#### **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, 2021.

Name of the Director	Position held in the Committee	Category of the Director
Shri B.J.Sarma	Member, Chairman	Non-Executive Independent Director
Shri S.K.Pai	Member	Non-Executive Independent Director
Dr. N.W. Kharkongor	Member	Non-Executive Independent Woman Director
Shri A.Kumar	Member	Non-Executive Non Independent Director
Shri R.S.Ramesh	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 stakeholders and seeks to ensure that the long term economic value proposition for its stakeholders is achieved. 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) & 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 set of standards, processes and structures which enables it 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 bought back any shares during the year under review.



#### **Sweat Equity**

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

#### **Bonus Shares**

No Bonus Shares were issued during the year under review.

#### ESOP

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

#### Annexures

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

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

#### Acknowledgement

The Board of Directors is grateful to the promoters of the Corporation viz., IDBI Bank, LICI, SBI, SIDBI, IFCI, ICICI Bank, Administrator of Specified Undertaking of Unit Trust of India, 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 Ministries/ Departments of Government of India, State Governments of the region, Reserve Bank of India, All Indian Institutions, Banks/Financial Institutions and other Organisations of the region for the support it has received from them. NEDFi has considerably benefitted from their support, cooperation and guidance. The Board also acknowledges the contribution of the staff & members of the Corporation for their untiring efforts towards its growth.

By order of the Board

Ausoníp

(Chairman & Managing Director) DIN: 07355708

Place: Guwahati Dated: 28/10/2021

# ATTENDANCE SHEET



#### **BOARD MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021**

SI. No.	Name of Director	123rd Board meeting held on 27/05/2020	124th Board meeting held on 03/08/2020	125th Board meeting held on 27/11/2020	126th board meeting held on 19/02/2021
1	Shri B.P.Muktieh	Present	Present	Present	Present
2	Shri R S Ramesh		Present	Present	Present
3	Shri Anoop Kumar				Present
4	Shri S. K. Tandon	Present			
5	Shri Dinesh Bhagat	Absent			
6	Shri Bhaskar Jyoti Sarma	Present	Present	Present	Present
7	Shri S. K. Pai	Present	Present	Present	Present
8	Dr. N. W. Kharkongor	Present	Present	Present	Present
9	Shri Indevar Pandey, IAS	Present	Present	Absent	Present
10	Shri Saumya Chaudhuri	Present	Absent	Present	Present
11	Shri S. C. Gupta, IAS	Absent	Absent	Absent	Absent
12	Shri Manoj Kumar, IAS	Absent	Absent	Absent	Absent

# SANCTIONING COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021

SI. No.	Name of Director	131st Sanctioning Committee Meeting Held on 17/06/2020	132nd Sanctioning Committee Meeting Held on 03/08/2020	133rd Sanctioning Committee Meeting Held on 18/09/2020	134th Sanctioning Committee Meeting Held on 30/10/2020	135th Sanctioning Committee Meeting Held on 18/12/2020
1	Shri B.P.Muktieh	Present	Present	Present	Present	Present
2	Shri D. Bhagat	Absent	Absent			
3	Shri N.P. Sinha			Absent	Absent	
4	Shri B. J. Sarma	Present	Present	Present	Present	Present
5	Shri S. K. Pai	Present	Present	Present	Present	Present
6	Shri S. Chaudhuri	Absent	Absent			
7	Shri A. Kumar					



# SANCTIONING COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021

SI. No.	Name of Director	136th Sanctioning Committee Meeting Held on 18/02/2021	137th Sanctioning Committee Meeting Held on 05/03/2021	138th Sanctioning Committee Meeting Held on 25/03/2021
1	Shri B.P.Muktieh	Present	Present	Present
2	Shri D. Bhagat			
3	Shri N.P. Sinha			
4	Shri B.J. Sarma	Present	Present	Present
5	Shri S.K. Pai	Present	Present	Present
6	Shri S. Chaudhuri			
7	Shri A. Kumar	Present	Present	Present

# AUDIT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020–2021

SL No.	Name of Director	72nd Audit Committee Meeting Held on 03/08/2020	73rd Audit Committee Meeting Held on 27/11/2020	74th Audit Committee Meeting Held on 18/02/2021
1	Shri B. J. Sarma	Present	Present	Present
2	Shri R. S. Ramesh		Absent	Absent
3	Shri S. K. Pai	Present	Present	Present
4	Shri D. Bhagat	Absent		
5	Dr. N. W. Kharkongor	Present	Present	Present
6	Shri A. Kumar			Present

#### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021

SI No.	Name of Director	16thCorporate Social Responsibility Committee Meeting Held on 27/05/2020
1	Shri B.P.Muktieh	Present
2	Shri S. K. Tandon	Present
3	Shri D. Bhagat	Absent
4	Shri S. K. Pai	Present
5	Shri B. J. Sarma	Present
6	Dr. N. W. Kharkongor	Present

# ATTENDANCE SHEET



#### NOMINATION AND REMUNERATION COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021

SI. No.	Name of Director	14th Nomination and Remuneration Committee Meeting Held on 27/05/2020
1	Shri B. P. Muktieh	Present
2	Shri D. Bhagat	Absent
3	Shri B. J. Sarma	Present
4	Shri S. Chaudhuri	Present
5	Shri S. K. Pai	Present
6	Dr. N. W. Kharkongor	Present

Note: NRC was re-constituted in the 120th Board Meeting held on 21/10/2019

# RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2020-2021

SI. No.	Name of Director	6th Risk Management Committee Meeting Held on 27/11/2020	7th Risk Management Committee Meeting Held on 18/02/2021
1	Shri B. P. Muktieh	Present	Present
2	Dr. N. W. Kharkongor	Present	Present
3	Shri R. S. Ramesh	Absent	Absent
4	Shri S. K. Pai	Present	Present
5	Shri B. J. Sarma	Present	Present
6	Shri A. Kumar		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 tries 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 10 (ten) 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 Sikkim and Tripura on rotation for a period of 2 (two) years, 1 (one) Representative from the Ministry of DoNER, 2 (two) Independent Directors and 1 (one) Independent 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, 2021 is as under:

Name	Executive / Non – Executive	No. of other Directorships held		No. of other committee membership held	
	/ Independent	Public	Private	Public	Private
Shri B.P. Muktieh	Chairman & Managing Director	2	2	Nil	Nil
Shri I. Pandey, IAS	Non-Executive Non-Independent Director	Nil	1	NA	NA
Shri S. C. Gupta, IAS	Non-Executive Non-Independent Director	Nil	Nil	NA	NA



Name	Name Executive / Non – Executive		No. of other Directorships held		No. of other committee membership held	
	/ Independent	Public	Private	Public	Private	
Shri M. Kumar, IAS	Non-Executive Non-Independent Director	1	Nil	NA	NA	
Shri S. Chaudhuri	Non-Executive Non-Independent Director	Nil	Nil	Nil	NA	
Dr. N. W. Kharkongor	Woman Director	1	Nil	NA	NA	
Shri S. K. Pai	Independent Director	Nil	01	Nil	Nil	
Shri B. J. Sarma	Independent Director	03	Nil	NA	Nil	
Shri R.S. Ramesh	Non-Executive Non-Independent Director	Nil	Nil	NA	NA	
Shri A. Kumar	Non-Executive Non-Independent Director	Nil	Nil	NA	NA	

# (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 4 (four) Board meetings are held in each year. Apart from the four scheduled Board Meetings, additional Board Meeting can be convened by giving appropriate notice and in case of business exigencies or urgency of matters, resolution is passed by circulation.

- » b. The Board of Directors is given a presentation on the operation of the Corporation.
- » **c.** 4 (four) meetings of the Board of Directors of the Corporation were held during the year under review. The details of the Board meetings are as under:
- » d. The Board of Directors review from time to time compliance report on NEDFi's policies presented to the Board.

SI. No.	Board Meeting No.	Date	Board Strength	No. of Directors present
1	123rd Board Meeting	27th May, 2020	10	07
2	124th Board Meeting	3rd August, 2020	9	06
3	125th Board Meeting	27th November, 2020	9	06
4	126th Board Meeting	19th February, 2021	10	08



#### 2. Code of Conduct:

The Corporation is committed to conducting 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 of the Board was held as follows during 2020-21:

SI. No.	RMCB Meeting No.	Date	Committee Strength	No. of Members Present
1.	6th RMCB Meeting	27th November 2020	05	04
2.	7th RMCB Meeting	18th February 2021	06	05

#### 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.

The Audit Committee was constituted in the year 2001. The Audit Committee as on 31st March 2021 were as follows:

5. Audit Committee:

SI. No.	Name of the Director & Category	Chairman / Member
1.	Shri B. J. Sarma, Independent Director	Member
2.	Shri S.K. Pai, Independent Director	Member
3.	Dr. N. W. Kharkongor Independent Woman Director	Member
4.	Shri R.S. Ramesh Nominee Director of State Bank of India	Member
5.	Shri A. Kumar, Nominee Director of LIC of India	Member

# The Committee met 3 (Three) times during the year. The Company Secretary acts as the Secretary to the Committee.

SI. No.	Audit Meeting No.	Date	Committee Strength	No. of Members Present
1.	72nd Audit Committee	3rd August, 2020	04	03
2.	73rd Audit Committee	27th November, 2020	04	03
3.	74th Audit Committee	18th February, 2021	05	04

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 Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the fixation of audit fee of the Statutory Auditors and also approval of payment for any other services.

c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

i) Any changes in accounting policies and practices.

ii) Major accounting entries based on exercise of judgment by management.

iii) Qualifications in draft audit report.

iv) Significant adjustments arising out of audit.

v) The going concern assumption.

vi) Compliance with the accounting standard. vii) Compliance with stock exchange and legal requirements concerning financial statements.

viii) Any related party transactions i.e., transactions of the company of material nature, with the promoter or the management, or their subsidiaries or relatives, etc. that may have potential conflict with the interest of company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.



f) Discussions with the internal auditors any significant findings and follow up thereon.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h) Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern. i) Reviewing the company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors (if any), debenture holder, shareholders (in case of non-payment of declared dividend(s) and creditors.

k) It should review the half-yearly and annual financial statements before submission to the Board.

I) It should ensure compliance of internal control systems.

#### 6. Nomination and Remuneration Committee

The Remuneration Committee was reconstituted in terms of Section 178 of the

Companies Act, 2013 in the 120th Board of Directors Meeting held on 21-10-2019. The Nomination and Remuneration Committee as on 31st March, 2021 were as follows:

Name of the Director	Position held in the Committee	Category of the Director
Shri S.K.Pai	Member, Chairman	Non-Executive Independent Director
Shri A.Kumar	Member	Non-Executive Non Independent Director
Shri S. Chaudhuri	Member	Non-Executive Non Independent Director
Shri B.J. Sarma	Member	Non-Executive Independent Director
Dr. N.W.Kharkongor	Member	Non-Executive Independent Woman Director
Shri B.P. Muktieh	Member	Whole-Time Director

#### 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 2020-21 are given below:

Director	Designation	Salary (₹)	Perquisites (₹)	Total (₹)
Shri B.P. Muktieh	Chairman & Managing Director	44,92,800/-	20,49,123/-	65,41,923/-





Non-Executive/Independent Directors are paid only sitting fees as approved by the Board for attending the Board Meetings as well as Committee Meetings. interest of the Corporation at large. The Corporation has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities.

#### 8. Disclosures

There were no transactions of material nature with the directors or the Management etc., which have potential conflict with the The date, time and location where the last three Annual General Meetings were held are as under:

9. General Body Meeting

Financial Year	Date	Time	Location
2017-18	28th September,2018	3:00 P.M.	NEDFi House, Guwahati
2018-19	27th September, 2019	3.00 P.M.	NEDFi House, Guwahati
2019-20	22nd December, 2020	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

4 woonp

**(P.V.S.L.N. Murty)** Chairman & Managing Director DIN: 07355708

Place : Guwahati. Date : 28/10/2021



# PARTICULARS OF CORPORATE SOCIAL RESPONSIBILITY

#### **1. CSR Policy:**

The Corporation has been engaging itself 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 upgradation, 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 2020-21

- » Capacity Building Programme for 378 beneficiaries on skill upgradation in crafts and other vocational trades.
- » Infrastructure support to 707 artisans through common facility centers, marketing facilities.

#### **CSR Committee:**

# A. Board Level Committee as on 31st March 2021

- Shri B. P. Muktieh
   Chairman and Managing Director
- Dr. Natalie West Kharkongor
   Woman Director
- Shri R. S. Ramesh
  Director
- Shri A. Kumar
   Director
- Shri B. J. Sarma
  Director
- Shri S.K. Pai
   Director

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

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

Year	Net Profit (PBT)
2017-18	83.91
2018-19	81.43
2019-20	55.71
Total	221.05
Average Net profit	73.68

# PARTICULARS OF CORPORATE SOCIAL RESPONSIBILITY



CSR Budget allocation for the FY 2020-21 : ₹ 180.00 Lakhs

CSR Expenditure made during FY 2020-21 : ₹ 271.79 Lakhs

#### Details of CSR spent during the FY 2020-21 :

- » Total minimum amount to be spent in the financial year: ₹ 147.36 lakh i.e 2% of average Net Profit of last three financial years as detailed in item C above
- » Manner in which the amount spent during the financial year is detailed below:

SI. No.	Head of expenditure	Expenditure (₹ In Lakh)
1	PM CARES Fund	200.00
2	Corpus Fund for NE-SHILP	50.00
3	Capacity Building Programmes	11.34
4	Market linkage and Other Miscellaneous Activities	10.45
Total		271.79



### PARTICULARS OF CORPORATE **SOCIAL RESPONSIBILIT**

CSR Pr	<b>CSR Projects:</b>								(₹ in Lakh)
S.	CSR Projects		State and District of Project Coverage	District of overage	Project Wise	Amount Spent	t Spent	Cumulative	Direct Or
No.	ldentified	Sector	State	District	Óutlay	Direct Exp	Over head	Expense	agency
-			Assam	*Kamrup (Metro)	7.84	7.84	Nil	7.84	
2			Assam	Darrang	0.88	0.88	Nil	0.88	
ю	Capacity Building, Marketing		Arunachal Pradesh	Anjaw	1.50	1.50	Nil	1.50	
4	Support &		Mizoram	Aizwal	1.15	1.15	Nil	1.15	+0.1 <u>0</u>
Ð	Miscellaneous	Livelihood	Nagaland	Phek	1:50	1.50	Nil	1.50	חופנו
9	Activities & Projects	Enhancement	Sikkim	East Sikkim	0.50	0.50	Nil	0.50	
7			Tripura	West Tripura	8.42	8.42	Nil	8.42	
8			Sub Total (A)	(	21.79	21.79	NİI	21.79	
ດ	Corpus Fund for NE-SHILP		NER	NER	50.00	50.00	Nil	50.00	
10	PM CARES Fund		ALL INDIA	ALL INDIA	200.00	200.00	Nil	200.00	
E			Sub Total (B)		250.00	250.00	Nil	250.00	
	Gr	Grand Total (A+B)			271.79	271.79	Nil	271.79	

\* 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 Haat at Rupnagar, NEDFi R&D Centre at Khetri as well as programmes organised outside NER, which had representation from all the states of NER.

# **Responsibility Statement:**

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

**CSR Projects:** 



#### Macro-Economic Environment during Financial Year 2020-21 (FY 21)

The year 2020 started with the outbreak of COVID-19 pandemic which impaired economic activities across the board. Contraction of economic activities has been unprecedented but worse has been avoided, thanks to the fiscal and the monetary support extended by the authorities across the world. Central banks provided liquidity support along with various credit extension policies to a wide range of borrowers. This was augmented with the Government measures to support households and firms through a number of measures, including transfers, wage subsidies, liquidity support and other safety nets such as unemployment insurance and nutrition assistance. All these measures enabled increased momentum of economic activity in the second half of the year.

Against this backdrop, growth in India contracted to -7.3% in FY 2021. With the country experiencing a second wave of infection since February 2021, there have been localised lockdowns again which are likely to impair economic activities going forward. Vaccinating a large population soon is the only way to shorten the current second wave. With the Government now allowing all above 18 years to get themselves vaccinated, it will help in fighting this pandemic. Overall, notwithstanding the second wave of COVID-19, Indian economy, through its resilience, is poised for a recovery in FY 2022.

As per 23rd issue of the Financial Stability Report (FSR) of RBI Bank, credit growth has remained tepid, impacted by lockdowns and associated restrictions. On the other hand, deposit growth maintained its upward trajectory, with current account and savings account (CASA) deposits leading the way, reflecting continued preference for precautionary savings. The gross nonperforming assets (GNPA) and net NPA (NNPA) ratios remained stable during the second half of 2020-21, amounting to 7.5 per cent and 2.4 per cent, respectively in March 2021.

#### Economic Environment in the North-East during Financial Year 2020-21 (FY 21)

before the COVID-19 Even pandemic, investment environment in the North Eastern Region (NER) was not very conducive due to slowdown in the overall economy, low investment, lack of liquidity in the market, low sentiments of the entrepreneurs. After metropolitan cities the COVID-19 pandemic shifted towards north-eastern states. Due to prolonged nationwide lockdown from beginning of FY 21, the entire Northeast India faced many difficulties and challenges. The pandemic continued to exert pressure in various industries in the region, especially in tea, tourism, agriculture, rural economy, etc. The hotels, restaurants, shopping malls, marketplaces, etc. were closed. Taxi services were also put on halt during the first two phases of lockdown period. Restrictions imposed by NE States due to COVID-19 pandemic and the inability of the economy to absorb labour force resulted in a loss of jobs.

Amidst all the losses, some technology companies in the region were gaining opportunities due to lockdown. As work from home was highly initiated and the students were also studying from home, most of the people were bound to depend on technology.



#### Impact on the Corporation's Operations during Financial Year 2020-21 (FY 21)

Given the prevailing environment the Corporation faced multiple challenges on various fronts during the year. However, the Corporation anticipated the challenges early and made continuous and rigorous efforts to improve its working results. During the year, the Corporation's sanctions and disbursements were  $\overline{*}$  380.06 crore and  $\overline{*}$  311.29 crore against the previous year's figure of  $\overline{*}$  440.73 crore and  $\overline{*}$  319.43 crore respectively. The outstanding portfolio of loans and advances as on March 31, 2021 was  $\overline{*}$  1104.50 crore against  $\overline{*}$  1056.34 crore in the previous year.

Gross income of the Corporation grew by 16.97% to ₹ 184.84 crore against ₹ 158.03 crore in the previous year, particularly due to increase in interest income. The interest income grew by 17.15% to ₹ 111.07 crore against ₹ 94.81 crore in the previous financial year and non-interest income by 16.69% to ₹ 73.77 crore from ₹ 63.22 crore. Gross profit of the Corporation increased by 50% to ₹ 83.61 crore against ₹ 55.71 crore in the previous year and net profit increased by 105.13% to ₹ 69.97 crore against ₹ 34.11 crore in the previous year.

The gross NPA of the Corporation was reduced to 6.73% as on March 31, 2021 from 12.32% in the previous financial year while the net NPA reduced to 2.74% from 6.48%.

The Capital Adequacy Ratio was 56.98% as at March 31, 2021, against 53.91% during the previous year.

During the year under review, the Corporation

had taken initiatives to reach out to the new generation of entrepreneurs by organizing business meets in all NE states, with the objective of helping and encouraging the first generation entrepreneurs of the region. A total of 14 Business Meets were conducted, with participation of 333 prospective entrepreneurs from all eight states of the region, for dissemination of information on its schemes and programmes. In addition, the Corporation, through its Business Facilitation Centres, provided mentoring services to 928 entrepreneurs on various aspects of projects such as managerial, technical, financial, commercial and marketing along with preparation of project reports, etc.

The Corporation has also taken initiative to develop infrastructure for facilitating incubation of crafts, primarily based on indigenous natural fibre available in the region. During the year, a total of 11 sustainable livelihood programmes were conducted with participation of 398 artisans. The Corporation also provided market linkage support to 707 artisans and entrepreneurs of the region by facilitating participation in exhibitions & linkage with showrooms and outlets.

#### Macro-Economic Outlook for Financial Year 2021-22 (FY 22)

The second wave has been brutal in many states and while there are few exceptions in the country, it was largely arrested in the Northeast. The pandemic has thrown challenges for the local economy in the Northeast as it has in the rest of the world. New strategies were developed, by the various northeastern states, while trying to contain the spread and continue economic activity at the same time. There is massive dislocation in production, supply chains,



trade and tourism. The aggregate demand continues to be low and household income has been impaired. The most adverse and damaging economic impact is expected to be seen in the services sector viz. tourism & hospitality, healthcare, education, etc.

#### Outlook for the Corporation for Financial Year 2021-22 (FY 22)

FY 22 is expected to present more serious challenges to the Corporation, along with all the challenges faced by the Corporation during FY21, the disruption caused in the economy by the COVID-19 pandemic is expected to further hamper the business environment of the region. Under the prevailing environment, business sentiment is expected to be low and new/expansion projects in the traditional businesses will be limited during the first half of the financial year. Low interest rate regime is expected to continue for some more time and interest rate, especially in post-COVID environment is expected to travel further south which is already a multi-year low. In the prevailing low interest rate regime, income from the investment is expected to continue to be on the lower side. All these challenges are expected to put significant pressure on the top line & bottom line growth of the Corporation during the year.

In this context, the future outlook for Corporation's business needs a careful revision. The loss in output due to demand inoperability in sectors such as micro finance, transport, tourism, healthcare, education, construction, etc. will have cascading impact on other sectors. The Corporation will also have to revisit its risk management framework & business procedures to better adapt to new operating environment.

The Corporation also felt that due to comfortable liquidity position and good level of CRAR, the present environment still provides ample opportunities for its growth in the short to medium term by reaching out to new geographical areas and further increasing the exposure in the MSME sector to mitigate the impact from the setback of the Coronavirus pandemic. The Corporation has accordingly geared itself to achieve a modest credit growth in FY22 and will continue to focus on the micro & small enterprises (MSE) and microfinance segments by extending financial assistance at a concessional rate of interest, mentoring assistance, capacity building, etc. to the units generating higher employment.

In the prevailing environment, the Corporation is adopting various strategies including the review of interest rate structure to increase its portfolio to counter the negative impact it is expecting in the post-COVID environment. The Corporation will increase the outreach by establishing Representative Offices (ROs) in growth centres where opening branch offices may not be immediately viable. In addition, new products & services are being introduced to cater to the customized needs of the entrepreneurs.

Prompt corrective action has been and will continue to be taken to prevent further slippage in asset quality and strengthen credit monitoring & recovery process to reduce the NPA. With all these, the Corporation is confident that the deterioration in the asset quality due to the pandemic can be restricted and contained with close monitoring and followup and calibrated level of rescheduling/ restructuring of the stressed loans after detailed discussions with promoters and analysis of the business and industry.



With major stress on skill development, the Corporation will continue to take 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 craftsperson of the region, undertake projects and programmes for development of rural & backward areas through promotion of entrepreneurship and income generating activities. 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, severity and extent of COVID-19 pandemic, volatility in interest rates and in the securities market; new regulations and government policies that may impact the businesses of NEDFi as well as its ability to implement the strategy. NEDFi does not undertake to update these statements.

#### Safe harbour

This document contains certain forwardlooking statements based on current

# FORM MR-3 SECRETARIAL AUDIT REPORT



#### FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To, The Members, NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED CIN: U65923AS1995GOI004529 Nedfi House G.S. Road, Dispur Guwahati (Assam)-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 my opinion thereon.

#### We report that:

- » Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
- » We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

- » We have not verified the correctness and appropriateness of the financial statement of the Company.
- » The compliance of the provisions of the Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management. Our examination was limited to the verifications of procedures on test basis.
- » 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.

Based on our verification of NORTH EASTERN **DEVELOPMENT** FINANCE CORPORATION LIMITED 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 31st day of March, 2021 ("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:



# FORM MR-3 SECRETARIAL AUDIT REPORT

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED. ("The Company") for the financial year ended on 31st March, 2021 according to the provisions of:

- » The Companies Act, 2013 (the Act) and the rules made there.
- » Other Laws as may be applicable to the Company as provided by the Company.

We have also examined compliance with the applicable clauses of the following:-

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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 observations made in Annexure-1.

#### We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information

Place: Guwahati Date: 18/09/2021 and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

We further report that during the audit period the company had no specific events/actions which is having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.)

We further report that during the audit period there were no instances of:

- » Public/Right/Bonus/Debentures/Sweat Equity except preferential issue of shares.
- » Redemption/Buy-Back of Securities.
- » Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- » Merger/Amalgamation/Reconstruction, etc.
- » Foreign technical collaborations.

FOR AMIT PAREEK & ASSOCIATES COMPANY SECRETARIES

with kunt

(AMIT PAREEK) Proprietor FCS: 5714 COP: 4289 UDIN: F005714C000969391

# **ANNEXURE -1**



During the course of our audit of the Company, following non-compliance/observations were made:

1) During the course of our audit it was observed that Shri Suresh Chandra Gupta (DIN: 02922231) & Shri Manoj Kumar (DIN: 08000521) Directors of the Company did not attend any Board meetings during the 12 months. Pursuant to the provisions of Section 167(1) (b) of the Companies Act, 2013 if any Director absent himself from all the meeting of Board of Directors held during a period of 12 months with or without seeking leave of absence of the Board, vacates his office of Director, hence, both the Directors vacates their office of Directorship of the Company.

Place: Guwahati Date: 18/09/2021 FOR AMIT PAREEK & ASSOCIATES COMPANY SECRETARIES

Anit but

(AMIT PAREEK) Proprietor FCS: 5714 COP: 4289 UDIN: F005714C000969391



# **INDEPENDENT AUDITORS' REPORT**

# TO THE MEMBERS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED

# REPORT ON THE AUDIT OF 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 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Cash Flow Statements for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and the profit and other comprehensive income, changes 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 Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 Standalone Ind AS financial statements under the provisions of the Act and the Rules 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.

### RESPONSIBILITY 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 Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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 statements

# INDEPENDENT AUDITORS' REPORT



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

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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

### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE IND AS 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to



# INDEPENDENT AUDITORS' REPORT

the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the provisions of 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 "A" a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable.

2. The Comptroller and Auditor General of India has issued the directions and sub-directions indicating the areas to be examined in term of sub-section 5 of Section 143 of the Act, the compliance of which is set out in Annexure "B". 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;
- B) » In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) » The Standalone Ind AS financial statements dealt with by this Report are in agreement with the books of account;
- D) » In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules;
- E) » On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, 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 "C";
- G) » With respect to other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information

# INDEPENDENT AUDITORS' REPORT



and according to the explanations given to us:

- The Company has disclosed the impact of all pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note 33 to the financial statements.
- The Company did not have any longterm contracts including derivatives contracts for which there were any material foreseeable losses.
- 3 There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

For, M/s H.K.Agrawala and Associates Chartered Accountants FRN 319293E

Conand

**CA. Himanshu Chowkhani** Partner Membership No. 301901 UDIN: 21301901AAAAPB5312

Place: Guwahati Dated: 10.09.2021



# **ANNEXURE – A** TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our Report of even date to the members of NORTH EASTERN DEVELOPMENT FINANCE COR-PORATION LIMITED on the accounts of the company for the year ended 31st March, 2021]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Standalone Ind AS financial statements of the company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- A) 1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 2 As explained to us, fixed assets have been physically verified by the management at reasonable intervals during the year. In our opinion the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. As explained to us no material discrepancies were noticed on such physical verification.
  - 3 The title deeds of all the immovable properties (which are included under the head 'Property Plant & Equipment') are held in the name of the Company.
- B) » The Company is a Non-Banking Finance Company. Accordingly, it does not hold any inventory. Thus, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- c) » As explained to us and verified from books and records, the Company has not granted any loans secured or unsecured to companies, firms, Limited

Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act and therefore paragraph 3(iii) of the Companies (Auditor's Report) Order, 2016 are not applicable.

- D) » In our opinion, Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.
- E) » In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014.
- F) » As informed, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act,2013, for any of the services rendered by the Company.
  - According to the records of the Company and explanations given to us, the Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Incometax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax and other statutory dues applicable to it, with the appropriate authorities.
  - According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Services Tax outstanding on account of any dispute except for those mentioned below:

the Act.

**ANNEXURE – A** 

Nature of

the dues

Service Tax

G) » Based on our examinations of records

H) » The Company did not raise and money

which the loans were obtained.

period covered by our audit.

I) » No fraud by the Company or on the

J) » Managerial remuneration has been

K) » In our opinion, the Company is not a

and explanations provided to

the Company has not defaulted in

repayment of dues to banks and

by way of initial public offer or further

public offer. In our opinion the term

loans were applied for the purpose for

Company by its officers or employees has been noticed or reported during the

paid and provided by the Company in accordance with the requisite approvals

mandated by the provisions of Section

197 of the Act read with Schedule V of

Nidhi Company. Accordingly, provisions

Amount (₹)

₹1.97cr.

us

Name of the

statute

Finance Act, 1994

[Service Tax]

financial institutions.

FY 2011-12 to CESTAT FY 2016-17 of Clause 3(xii) of the Order are not

- applicable. ) » In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
  - M) » During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
  - N) » In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
  - **o)** » The Company is a Non-Banking Finance Company and has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934.

For, M/s H.K.Agrawala and Associates **Chartered Accountants** FRN 319293E

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CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPB5312

Period to which the

amount relates



Forum where

dispute is pending



## **ANNEXURE-B** TO INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

[Referred to in Para 2 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of North Eastern Development Finance Corporation Ltd. on the standalone Ind AS financial statements for the year ended 31st March, 2021]

As required under Section 143(5) of the Companies Act 2013, with respect to the directions and sub-directions issued by The Comptroller & Auditor General of India, we report that:

SI.No.	Questionnaire	Replies
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.	Company has a system in place to process all the accounting transactions through IT system. During FY 2020-21, all the accounting transactions have been processed through IT system. Since system of processing all financial transactions is in place, all transactions are done mandatorily through system only, as such question of processing of transactions outside IT system on the integrity of the accounts doesn't arise. However, application for implementation of Ind AS is yet to be configured in the system and adjustments relating to the same is being calculated outside the IT 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.	During the year under consideration, there is no case of restructuring of any existing loan or case of waiver/write off of debts/loans/ interest, etc. by a lender to the Company.
3	Whether funds received/receivable for specific schemes from Central/State Agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation.	As informed, the Company had received funds for Mission Organic Value Chain Development for North Eastern Region (MOVCDNER). The funds have been utilised as per scheme.

### For, M/s H.K.Agrawala and Associates

Chartered Accountants FRN 319293E

finan

CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPB5312

Place: Guwahati Dated: 10.09.2021

# ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT



### Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Standalone Ind AS financial statements of North Eastern Development Finance Corporation Limited ("the Company") as of and for the year ended 31 March, 2021, we have audited the Internal Financial Controls over Financial Reporting (IFCoFR) of the Company as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

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 guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (The "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, 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 IFCoFR.





ANNUAL

**REPORT** 2020-21

> A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### **OPINION**

In our opinion, the Company in all material, respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

> For, M/s H.K.Agrawala and Associates Chartered Accountants FRN 319293E

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CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPB5312

Place: Guwahati Dated: 10.09.2021

# NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED MARCH 31, 2021



### To,

Board of Directors North Eastern Development Finance Corporation Ltd.

### Dear Sir,

We have audited the Standalone Ind AS financial statements of North Eastern Development Finance Corporation Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and Notes to the standalone financial statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone financial statements")

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India, on the matters specified in Chapter - II of the said Directions to the extent applicable to the Company, and according to the explanations given to us for the purpose of the audit, we report that:

- A) » The Company is engaged in the business of Non-banking Financial Institution, having valid certificate of registration as a Loan Company issued by Reserve Bank of India vide No. B-08.00162 dated 20.12.2002. Further, the Company is entitled to continue to hold such registration in terms of its asset/ income pattern as on 31.03.2021.
- B) » TheCompanyismeetingtherequirement of net owned funds applicable to a Loan Company as contained in Master Direction - Non-Banking Financial Company - Systemically Important

Place: Guwahati Dated: 10.09.2021 Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

- c) » The company is registered as Non-Deposit accepting Loan Company with RBI. The Board of Directors has passed resolution in its meeting held on 27.05.2020 for non-acceptance of any public deposit during FY 2020-21.
- D) » The Company has not accepted any public deposits during the financial year 2020-21.
- E) » The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non- Banking Finance Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- F) » As per information and explanation given to us, the statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7 return) has been filed by company for all the quarters of FY 2020-21 based on provisional financial results of respective quarters, drawn on the date of filing with in the stipulated period including CRAR in compliance with RBI norms. Further, CRAR based on audited financial statements for the year ended 31.03.2021 has been correctly arrived at and it is in compliance with minimum prescribed CRAR by RBI.

For, M/s H.K.Agrawala and Associates Chartered Accountants FRN 319293E

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CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPB5312





# 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, 2021

The preparation of financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March, 2021 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 auditors 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(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 September, 2021.

I, on 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, 2021 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

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

(Pravir Pandey) DIRECTOR GENERAL OF AUDIT Home, Education & Skill Development

Place: New Delhi, Dated: 27/10/2021

# **STANDALONE BALANCE SHEET** AS AT MARCH 31, 2021



Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
(1) Financial Assets			
(a) Cash & Cash Equivalents	2	14,450.35	11,985.33
(b) Bank Balance other than (a) above	3	6,933.53	564.29
(c) Receivables			
- Trade receivables	4	249.21	363.27
(d) Loans	5	1,07,334.80	99,533.96
(e) Investments	6	44,248.03	39,293.93
(f) Other Financial Assets	7	10,492.76	14,536.44
		1,83,708.68	1,66,277.22
(2) Non Financial Assets			
(a) Current Tax Assets (Net)	8	-	870.03
(b) Property Plant & Equipment	9	2,818.53	2,778.82
(c) Capital Work-in-progress	9	0.87	0.72
(d) Intangible Assets	9	171.01	239.42
(e) Other Non Financial Assets	10	285.14	1,745.47
		3,275.56	5,634.45
Total Assets LIABILITIES AND EQUITY Liabilities		1,86,984.23	1,71,911.68
(1) Financial Liabilities			
(a) Payables	11	357.89	224.14
<ul><li>(a) Payables</li><li>(b) Borrowings (Other than Debt Securities)</li></ul>	11 12	357.89 48,408.97	224.14 46,693.05
, , ,			
(b) Borrowings (Other than Debt Securities)	12	48,408.97	46,693.05
(b) Borrowings (Other than Debt Securities)	12	48,408.97 36,800.00	46,693.05 36,718.36
<ul><li>(b) Borrowings (Other than Debt Securities)</li><li>(c) Other Financial Liabilities</li></ul>	12	48,408.97 36,800.00	46,693.05 36,718.36
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> </ul>	12 13	48,408.97 36,800.00 <b>85,566.86</b>	46,693.05 36,718.36
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> </ul>	12 13 14	48,408.97 36,800.00 <b>85,566.86</b> 66.06	46,693.05 36,718.36 <b>83,635.55</b>
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> </ul>	12 13 14 15	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10	46,693.05 36,718.36 <b>83,635.55</b> - 1,436.60
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> </ul>	12 13 14 15	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10 842.34	46,693.05 36,718.36 83,635.55 - 1,436.60 885.19
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> <li>(b) Deferred Tax Liabilities (Net)</li> </ul>	12 13 14 15	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10 842.34	46,693.05 36,718.36 83,635.55 - 1,436.60 885.19
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> <li>(b) Deferred Tax Liabilities (Net)</li> <li>(3) Equities</li> </ul>	12 13 14 15 16	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10 842.34 <b>2,482.50</b> 10,000.00 88,934.86	46,693.05 36,718.36 83,635.55 - 1,436.60 885.19 2,321.79 10,000.00 75,954.33
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> <li>(b) Deferred Tax Liabilities (Net)</li> <li>(3) Equities</li> <li>(a) Equity Share Capital</li> <li>(b) Other Equity</li> </ul>	12 13 14 15 16 17	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10 842.34 <b>2,482.50</b> 10,000.00 88,934.86 <b>98,934.86</b>	46,693.05 36,718.36 83,635.55 - 1,436.60 885.19 2,321.79 10,000.00 75,954.33 85,954.33
<ul> <li>(b) Borrowings (Other than Debt Securities)</li> <li>(c) Other Financial Liabilities</li> <li>(2) Non Financial Liabilities</li> <li>(a) Current Tax Liabilities (Net)</li> <li>(a) Provisions</li> <li>(b) Deferred Tax Liabilities (Net)</li> <li>(3) Equities</li> <li>(a) Equity Share Capital</li> </ul>	12 13 14 15 16 17 18	48,408.97 36,800.00 <b>85,566.86</b> 66.06 1,574.10 842.34 <b>2,482.50</b> 10,000.00 88,934.86	46,693.05 36,718.36 83,635.55 - 1,436.60 885.19 2,321.79 10,000.00 75,954.33

As per our Report of even date

### For H.K. Agrawala and Associates

Chartered Accountants Firm Regn No. 319293E

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CA Himanshu Chowkhani Partner (M. No. 301901) UDIN: 21301901AAAAPB5312 Place : Guwahati Date : 10.09.2021 For and on behalf of the Board of Directors

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(PVSLN Murty) Chairman and Managing Director DIN : 07355708

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**(S. K. Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary



# STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

			For the year ended	For the year ended March
	Particulars	Notes	March 31, 2021	31, 2020
Reve	nue from operations			
(i)	Interest Income	19	11,107.43	9,480.64
(ii)	Dividend Income	20	51.75	15.49
(iii)	Rental Income	21	435.71	443.66
(iv)	Fees and Commission Income	22	9.81	303.92
(v)	Net gain/(loss) on Fair value changes	23	2,051.35	2,318.69
(vi)	Other Operating Income	24	3,393.95	3,007.88
I.	Total Revenue from Operations		17,050.00	15,570.28
П	Other Income	25	1,433.73	232.68
ш	Total Income (I + II)		18,483.73	15,802.96
EXPE	NSES			
(i)	Finance Costs	26	2,959.98	2,742.73
(ii)	Impairment on financial instruments	27	2,547.33	2,964.90
(iii)	Employee Benefit Expenses	28	3,088.60	2,913.64
(iv)	Depreciation, amortisation and impairment	29	301.46	282.56
(v)	Other Expenses	30	1,225.39	1,328.19
IV	Total Expenses		10,122.76	10,232.02
v	Profit / (Loss) before exceptional items and tax (III-IV)		8,360.97	5,570.94
VI	Exceptional Items		-	-
VII	Profit / (Loss) before Tax (V+VI)		8,360.97	5,570.94
VIII	Tax Expense			
	Current Tax		1,701.36	1,600.00
	Deferred Tax		(42.85)	559.56
	Tax adjustment of earlier years		(294.44)	-
			1,364.07	2,159.56
IX	Profit / (Loss) for the period (VII-VIII)		6,996.90	3,411.38
х	Other Comprehensive Income			
(A)	<ul><li>(i) Items that will not be reclassified to profit or loss</li></ul>			
	<ul> <li>Remeasurement gain/(loss) on defined benefits plans</li> </ul>		(58.25)	-
	<ul> <li>Net gain/(loss) on equity instruments through OCI</li> </ul>		41.40	-
	(ii) Tax impact thereon		(4.24)	-
	Subtotal (A)		(21.09)	-
(B)	<ul><li>(i) Items that will be reclassified to profit or loss</li></ul>		-	-
	(ii) Tax impact thereon		-	-
	Subtotal (B)		-	-
	Other Comprehensive Income (A + B)		(21.09)	-
XI	Total Comprehensive Income for the period		6,975.80	3,411.38



Earning per equity share of face value of ₹ 10 each Basic (₹) Diluted (₹)	31	6.98 6.98	3.41 3.41
The accompanying notes form an integral part of the financial statements	1-46		

As per our Report of even date

**For H.K. Agrawala and Associates** Chartered Accountants Firm Regn No. 319293E

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**CA Himanshu Chowkhani** Partner (M. No. 301901) UDIN: 21301901AAAAPB5312 Place : Guwahati Date : 10.09.2021 For and on behalf of the Board of Directors

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(PVSLN Murty) Chairman and Managing Director DIN : 07355708

**(S.K.Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary



# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital: Equity shares of ₹ 10 each issued, subscribed and fully paid	l, subscribed a	and fully paid							No. of Charac	Amount₹
As at April 01. 2019								1	1.000	10.000.00
Changes in Equity share capital										
As at March 31, 2020									1,000	10,000.00
As at April 01, 2020 Changes in Fourity share canital									1,000	10,000.00
As at March 31, 2021									1,000	10,000.00
R. Other Faulty:										(₹ in Lakh)
				Resei	Reserve and Surplus					
Particulars	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	Total Other Equity
As at April 01, 2019	611.10	13,167.91	10,601.07	1,236.91	42,734.97	161.18	3,920.19	26.10	1,144.54	73,603.96
Profit/ (Loss) for the year Transfer to / from Retained	- 1.77	- 707.77	- 632.21	- 23.39	- (23.39)	- (6.16)	- (66.08)	- (26.10)	3,411.38 (1,339.98)	3,411.38 (96.57)
Earnings										
Dividonal	1.77	707.77	632.21	23.39	(23.39)	(6.16)	(66.08)	(26.10)	2,071.40	3,314.81
Unvigeria Tax on Dividend									(auu.uu) (164.44)	(auu.uu) (164.44)
As at March 31, 2020	612.86	13,875.68	11,233.28	1,260.30	42,711.58	155.02	3,854.11		2,251.50	75,954.33
B. Other Equity Contd.										
				Rese	<b>Reserve and Surplus</b>					
Particulars	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	I mpairment Reserve	Retained Earnings	Total Other Equity
As at April 01, 2020	612.86	13,875.68	11,233.28	1,260.30	42,711.58	155.02	3,854.11	•	2,251.50	75,954.33
Profit/ (Loss) for the year Other Comprehensive Transfer to / from Retained Earnings	- 0.25	1,399.38	1,049.81	22.64	(22.64)	- (14.10)	- 159.94	- 3,315.75	6,996.90 (21.09) 893.69	6,996.90 (21.09) 6,804.73
Dividend Tax on Dividend	0.25 -	1,399.38	1,049.81	22.64	(22.64)	(14.10) - -	159.94 - -	3,315.75	7,869.49 (800.00) -	13,780.53 (800.00)
As at March 31, 2021	613.11	15,275.06	12,283.09	1,282.94	42,688.94	140.92	4,014.05	3,315.75	9,321.00	88,934.86
As per our Report of even d	en date						For and on	For and on behalf of the Board of Directors I	he Board o	f Directors
		7	termanuel.					dueant	0	
For H.K. Agrawala and Associates	sociates	CA Hir	CA Himanshu Chowkhani	ani			airmar	n and Managin	Director	
Chartered Accountants Firm Regn No. 319293E		M. No. ( M. No. ( UDIN: 21	Partner (M. No. 301901) UDIN: 21301901AAAAPB5312	312		Samo		80/995/0:NIO		ą
		Place : Date :	Place : Guwahati Date : 10.09.2021			(S. K. Baruah) Chief Financial Officer	<b>h)</b> sial Officer		(V.K.Agarwal) Company Secre	(V.K.Agarwal) Company Secretary

# **STANDALONE CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2021



(₹ in Lakh)

	For the year ended	For the year ended
	31st March, 2021	31st March, 2020
Cash flows from Operating activities		
Net profit before income tax	8,360.97	5,570.94
Adjustment for:		
Depreciation charge for the year	301.46	282.56
Loans Provisions & Write offs	2,547.33	2,964.90
Fixed Assets written off/Loss on sale	(0.17)	0.11
Profit / Loss on sale of Investments	(2,051.35)	(2,318.69)
Dividend received	(51.75)	(15.49)
Provision for Gratuity, Leave Encashment and LTC / LTA	207.60	187.72
Operating profit before working capital changes	9,314.09	6,672.05
Adjustments for:		
(Increase) / Decrease in Advances (Financial Assets)	(10,348.17)	(1,478.55)
(Increase) / Decrease in Other Financial Assets	979.76	(6,689.76)
(Increase) / Decrease in Non Financial Assets	923.43	(2,151.31)
Increase / (Decrease) in Other Financial Liabilities	(760.20)	(7,523.07)
Cash Flow from operations	108.91	(11,170.64)
Direct Taxes paid (net of refund received)	923.43	(2,151.05)
Net cash flow / (used in) from operating activities	1,032.34	(13,321.69)
Cash flows from Investing activities		
(Increase) / Decrease in Investment in Subsidiaries	(5,477.49)	(503.00)
(Increase) / Decrease in Investment in Mutual Funds	523.39	(1,798.22)
(Increase)/Decrease in Capital Work in Progress	(0.15)	-
Purchase of fixed assets (net of sales)	(156.16)	(36.05)
Dividend Received	51.75	15.49
Profit / Loss on sale of Investments	2,051.35	2,318.69
Net cash flow / (used in) from Investing activities	(3,007.30)	(3.09)
Cash flows from Financing activities		
Dividend and Dividend Tax paid	(800.00)	(964.44)
Increase / (Decrease) in Borrowings (Financial Liabilities)	1,715.92	2,206.20
-		
Increase / (Decrease) in Capital Reserves / Other Equity Funds	3,475.95	(90.41)
Increase / (Decrease) in Non-Financial Liabilities	48.12	169.25
Net cash flow / (used in) from financing activities	4,439.99	1,320.60
Net increase in cash and cash equivalents from		
Operating, Investing and Financing Activities	2,465.02	(12,004.18)
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### NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED : GUWAHATI

Cash and cash equivalents at beginning of period		
- Own funds	11,890.73	23,154.44
- Nodal Agency and Implementing Agency funds	94.60	835.06
Cash and cash equivalents at end of period		
- Own funds	13,930.03	11,890.73
- Nodal Agency and Implementing Agency funds	520.32	94.60

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

Grand Total	14,450.35	11,985.33
(ii) In Fixed Deposits	-	
(i) In Current Account	520.32	94.60
(a) With Scheduled Bank		
Balance (TEDF)		
(ii) In Fixed Deposits		
(i) In Current Account	13,928.70	11,889.39
-With Scheduled Bank		
Balance at Bank		
Cash in hand	1.33	1.34
Cash and bank balances		
Units of mutual funds	-	-

As per our Report of even date

### For H.K. Agrawala and Associates Chartered Accountants Firm Regn No. 319293E

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**CA Himanshu Chowkhani** Partner (M. No. 301901) UDIN: 21301901AAAAPB5312 Place : Guwahati Date : 10.09.2021

### For and on behalf of the Board of Directors

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(PVSLN Murty) Chairman and Managing Director DIN : 07355708

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**(S. K. Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary

# SIGNIFICANT ACCOUNTING POLICIES RELATING TO STANDALONE FINANCIAL STATEMENTS



NOTE 1: SIGNIFICANT ACCOUNTING POLICIES RELATING TO STANDALONE FINANCIAL STATEMENTS

### **Company Information**

North Eastern Development Finance Corporation Limited ("NEDFi" of the "Company") was incorporated in the year 1995. The Company is domiciled in India and is limited by shares, having its registered office at NEDFi House, G.S.Road, Guwahati-781006, Assam.

The Company is a Public Limited Company engaged in extending financial assistance in the form of term loans and implementing agency for various government initiatives and schemes, and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as a Loan Company.

### 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 accounting policies are consistently followed by the Corporation and changes in accounting policy are separately disclosed.

### Historical Cost Convention

The financial statements are prepared on the historical cost convention and on the accrual basis of accounting, except for certain financial instruments which are measured at fair values as required by relevant Ind AS. The financial statements 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 recognised prospectively in the current and future period.

### Presentation of Financial Statement

The financial statements of the Corporation are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, unless otherwise indicated.



### 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are the areas that involved a higher degree of estimates and judgements or complexity:

- A) Effective Interest Rate (EIR) Method.
- B) Impairment of Financial Assets-
- Expected Credit Loss Model.
- C) Provisions and Other Contingent Liabilities.
- D) Defined Benefit Plans.
- E) Provisions for Income Tax and Deferred Tax Assets.
- F) Fair Value Measurements.
- G) Sole Payments of Principal & Interest Test (SPPI Test).

### Impact of COVID-19

The COVID-19 pandemic has significantly affected various sectors of Indian economy including that of North East Region of India. The

pandemic necessitated the Government to respond at unprecedented levels to protect health, local economies and livelihoods. Both the first and second wave have severely impacted the overall economic growth outlook of India and increased uncertainty of the economic revival. Also there remains a risk of subsequent waves of infections in India. Although North East Region of India has also been impacted due to COVID-19 pandemic, the region has not been as hard hit as the rest of the country. This may be largely due to the fact that North East Region has less population density than rest of India and curbs related to pandemic have largely been successful. The businesses in the North East India have more or largely withstood the impact of pre-pandemic economic setbacks such as demonstrations, agitations, insurgency, floods, earthquakes, etc. The COVID-19 pandemic was also immediately preceded by month long demonstrations and agitations mainly in the state of Assam

As a result of Government and bank support measures, significant credit deterioration has not yet occurred. The Corporation operates only in the North Eastern part of India, a region which faces issues which are largely localized such as insurgency and natural calamities. Economic effects of the pandemic may or may not impact the estimates and judgments stated above. The Corporation has not yet been able to fully assess the impact of the pandemic and will continue to monitor the recoverability of loans and any material changes due to future economic conditions.



### 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.

In accordance with Ind AS 116-Leases, w.e.f Ist April 2019, the Right-of-use assets are initially recognized at cost which comprises of lease liability recognized at inception for lease payments made at commencement date of lease. These are subsequently measured at costless accumulated depreciation. Right-of -use assets are depreciated on a straight line basis over the shorter of the lease term and useful life of the underlying asset (premature termination of lease).

### **Collateral Repossessed**

In the normal course of business, the Corporation repossess assets/properties in its loan portfolio both symbolically or otherwise and also engages recovery agents to repossess and recover funds, generally by selling at auction, to settle outstanding amount. The Corporation's interest lies only in recovery of loan and does not recognize any future economic benefits accruing from such assets as stated in Ind AS 16 : Property, Plant and Equipment. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/properties under legal repossession processes are not separately recorded on the balance sheet.

### D. Capital Work In Progress

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

### E. 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 ₹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. Depreciation methods, useful life and residual values are reviewed in each financial year and changes if any, are accounted for prospectively.

### F. 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 Corporation 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.



### G. Leases

### Where NEDFi is a lessee

The corporation's lease asset classes primarily consist of leases for office spaces. The corporation assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether,

A) The contract involves the use of an identified asset.

B) The Corporation has substantially all of the economic benefits from use of the asset through the period of the lease, and
C) The Corporation has the right to direct the use of the asset.

At the date of commencement of the lease, the Corporation recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is lessee, except for leases with a term of 12 months or less and low value leases. For these short term leases, the Corporation recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

### **Measurement of lease liability**

At the time of initial recognition, NEDFi measures lease liability as PV of all lease payments discounted using Corporation's incremental borrowing rate assumed @ 8% i.e. the rate charged to borrowers from micro, small and medium sector. Subsequently the lease liability is,

- A) Increased by interest on lease liability;
- B) Reduced by lease payments made; and
- C) Remeasured to reflect any

reassessment or lease modification.

### Measurement of rights-of-use assets

At the time of initial recognition, NEDFi measures ROU as PV of all lease payments. Subsequently ROU assets is measured using Cost less depreciation as per specified in Ind AS 116 "Leases".

Exception on ROU assets for low value assets and short term leases has been adopted by the Corporation.

### Where NEDFi is a lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of the ownership of assets are classified as operating leases. Lease income of operating asset is recognised in the Statement of Profit and loss.

### H. Government Grants

In terms of Ind AS 20 issued by the ICAI, Government grants are recognised as and when it is actually received. Revenue grants are recognised 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.



# I. Classification and Measurement of Financial Assets

On initial recognition, a financial asset is classified as measured at follows:

### Amortized cost -

The Corporation's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Corporation measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

### FVOCI - debt instruments -

The Corporation measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

### FVOCI - equity instruments -

The Corporation subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Corporation decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Corporation changes its business model for managing financial assets. If the Corporation decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such representing instruments. Investments equity interest in subsidiary and associate are carried at cost less any provision for impairment. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL (E.g. investment in units of mutual funds).

# Subsequent measurement of financial assets

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, and impairment



provisions are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss. Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognised in Statement of profit and loss. Net gains or losses on fair valuation are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss. For equity investments, the Corporation makes an election on an instrumentby-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

### J. Determination of Fair Value

On initial recognition, all the financial instruments are measured at fair value.

subsequent For measurements, the Corporation measures certain categories of financial instruments at fair value on each balance sheet date. The Corporation has established procedures with respect to the measurement of fair values. The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Ind AS 113 : Fair Value Measurement does not prescribe hierarchy for valuation techniques. However, Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### K. Impairment of Financial Assets

The Corporation recognises lifetime Expected Credit Losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant



increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including historical experience and information specific to North East Region of India.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. No loss allowance is recognised for loans measured at FVTPL.

The Trade Receivables of the Corporation comprises of Consultancy & Advisory Charges receivables mainly from Government departments/agencies and rent receivables from operating leases. The Corporation has not recognised any loss allowance on these financial assets since the Corporation has no past experience of any impairment on these receivables.

### L. Derecognition of Financial Assets

# A financial asset is derecognised only when :

The Corporation has transferred the rights to receive cash flows from the financial asset, or the contractual rights to the cash flows from the financial assets expires.

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 Corporation has transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised.

Where the Corporation 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 Corporation has not retained control of the financial asset.

### M. Financial Liabilities

### Initial recognition and measurement

The Corporation 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.



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

### N. 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.

### **O.** 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 Corporation 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.

### P. Revenue Recognition

A) Interest income is recognised in Statement of profit and loss using the effective interest method for loans and advances other than credit-impaired assets.

### Effective Interest Rate (EIR) Method

The 'Effective Interest Rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument and is based on best estimate of a constant rate of return over the expected life of the loans given. The calculation of the effective interest rate considers transaction cost/income (upfront fees) that are an integral part of the contract. Transaction costs/income include incremental costs and income that are directly attributable to the acquisition of financial asset. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments.



B) Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Corporation on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

C) Interest charged from loans provided to staff at concessional rates have been recognized as per market rate and prepaid employee benefit expenses have been recognized in profit and loss as per amortization basis.

D) Dividends are recognised in Statement of profit and loss only when the right to receive payment is established. It is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

E) Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

F) 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.

G) 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 including changes in fair value.

### Q. Taxation

Provision for current-tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets and liabilities are recognised for taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. In case of taxable temporary difference Deferred Tax Liability is created and when there is deductible temporary difference Deferred Tax Asset is created. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.



# Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority or capitalised in the case of Property, Plant and Equipment, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### **R. 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 recognised 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 Corporation 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.

### S. 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 organisation 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.



### T. 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.

### **U. Earnings Per Share**

The Corporation 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.

# V. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



		(₹ in Lakh)
Note 2 : CASH AND CASH EQUIVALENTS	As at 31st March, 2021	As at 31st March, 2020
Cash in hand	1.33	1.34
Balances with banks in current accounts	13,928.70	11,889.39
Balances with banks in current accounts(TEDF)	520.32	94.60
	14,450.35	11,985.33

Note 3 : BANK BALANCE OTHER THAN (a) above	As at 31st March, 2021	As at 31st March, 2020
Term deposits with maturity less than 12 months		
- Free	4,499.93	-
- Under lien	19.60	64.29
- Free (TEDF)	2,414.00	500.00
	6,933.53	564.29

Note 4 : Receivables	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables( Unsecured, Considered good)		
- Consultancy & Advisory Charges Receivable	204.69	319.31
- Rent and Hall Charges Receivable	44.52	43.97
Less : Impairment Loss Allowance	-	-
	249.21	363.27

Note 5 : LOANS	As at 31st March, 2021	As at 31st March, 2020
A. Loans :		
(i)Term Loans(at amortised cost)	1,09,756.85	1,05,633.70
	-	-
Less : Impairment Loss Allowance	3,702.25	7,272.15
Sub total Net (i)	1,06,054.60	98,361.55
(ii)Term Loans to staff(at FVTPL)		
Related Party	17.91	25.26
Others	1,262.29	1,147.15
Less : Impairment Loss Allowance	-	-
Sub total Net (ii)	1,280.20	1,172.41
Total (Net)- A ( i+ii)	1,07,334.80	99,533.96
В.		
(i) Secured by tangible assets	1,00,528.29	96,278.74
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government guarantees	-	-
(iv) Unsecured	10,508.76	10,527.37
Total ( Gross)	1,11,037.05	1,06,806.11
Less : Impairment Loss Allowance	3,702.25	7,272.15
Total (Net)- B	1,07,334.80	99,533.96
с.		
(i) Loans in India		
a) Public Sector	100.00	200.00
b) Others	1,10,937.05	1,06,606.11
Total ( Gross)	1,11,037.05	1,06,806.11
Less : Impairment Loss Allowance	3,702.25	7,272.15
Total (Net) - C (i)	1,07,334.80	99,533.96
(ii) loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C ( i+ ii)	1,07,334.80	99,533.96

Note: There is no loan asset measured at FVOCI. There is no impairment loss allowance in staff loans which are recognised at FVTPL.



Note b : Investments         Amortised         Through cost         Oci           Units of mutual funds         -	gh Through P.&L P.&L - 35,360.91	Sub-Total 35,360.91 241.15 89.70 20.00 1,305.66 1,305.66 129.92 74.79 64.27	Others (At cost)	Total         I           35,360.91         35,360.91           241.15         241.15           291.70         89.70           1,305.66         129.92           129.92         74.79           64.27         64.27	Cost	Through 0CI 0CI	Through & L	Sub-Total	Others (At cost) 35,884.30	Total
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are - 220-21/20000 shores of Rs. 10/- each) uoted uote		89.70 20.00 1,305.66 129.92 74.79 64.27		89.70 20.00 1,305.66 129.92 74.79 64.27					- - 20.00	- - 20.00
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<ul> <li>klota Mahila Urban Co-Or Bank Ltd.</li> <li>klota Mahila Urban Co-Or Bank Ltd.</li> <li>red 3,000 stores @ 100/ per store)</li> <li>Nouth East) Microfinance Ltd.</li> <li>red 3,000 stores @ 100/ per store)</li> <li>red 3,000 stores @ 100/ per store)</li> <li>red 650 story Stores 9 100/ per store)</li> <li>Financial Services Pvt. Ltd.</li> <li>red 650 story stores 9 100/ per store)</li> <li>red 650 story Stores 9 100/ per store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 500 store store)</li> <li>red 494 store store)</li> </ul>		20.00 1,305.66 129.92 74.79 64.27		20.00 1,305.66 129.92 74.79 64.27					25.00	25.00
recard.source are are are are are are are are are ar	9 7 9 7	1,305.66 129.92 74.79 64.27		1,305.66 129.92 74.79 64.27		,			5.00	5.00
<ul> <li>Financial Services PAY. Ltd.</li> <li>reed 665.000 Faulty Shores of 10<sup>2</sup> per share)</li> <li>Financial Services PAY. Ltd.</li> <li>reed 50000 Faulty Shores of 10<sup>2</sup> per share)</li> <li>reen Development &amp; Finance PAY. Ltd.</li> <li>reen Development &amp; Finance PAY. Ltd.</li> <li>reen Souro sauly shores of 10<sup>2</sup> per share)</li> <li>stment in Equity Instruments of subsidiaries</li> <li>states)</li> <li>Fin Tustee Ltd.</li> <li>Finatise of 10<sup>2</sup> per shore, foir value</li> <li>Finatise of 49.400 faulty Shores of 10<sup>2</sup> per shore, foir value</li> </ul>		129.92 74.79 64.27		129.92 74.79 64.27					300.00	300.00
<ul> <li>Financial Services Pvt. Ltd.</li> <li>rea 50,000 Equity Shares of 100' per share)</li> <li>neen Development &amp; Finance Pvt. Ltd.</li> <li>neen Development &amp; Finance Pvt. Ltd.</li> <li>read 500,000 Equity Instruments of subsidiaries</li> <li>stment in Equity Instruments of subsidiaries</li> <li>read 93,000 Equity Shares of 10/ per share, fair value</li> <li>57 atks)</li> <li>rin tackee Ltd.</li> </ul>		74.79 64.27		74.79 64.27					50.00	50.00
neen Development & Finance Pvt. Ltd. 2014 500,000 Equity Shores of 10/- per shore) <b>stment in Equity Instruments of subsidiaries</b> it Venture Capital Ltd. 2.7 dotw) Fin Tustee Ltd. Crustee Ltd. 2.0 dotwy Shores of 10/- per shore, for value fis 11.15 3.0 dotwy Shores of 10/- per shore, for value fis 11.15 3.0 dotwy Shores of 10/- per shores fis 10.15 3.0 dotw		64.27 -		64.27			i.	·	50.00	50.00
Investment in Equity Instruments of subsidiaries NEDFI Venture Capital Ltd. - (Unquoted 49,400 Equity Shores of 10/ per shore, far value Rs.274.57 Johns) - NEDFI Trustee Ltd. - (Unquoted 49,400 Equity Shores of 10/ per shore, for value Rs 11.15 (Unquoted 49,400 Equity Shores of 10/ per shore, for value Rs 11.15		,							50.00	50.00
Re. 27457 laths) N. BDF1 Trustee Ltd. (Unquoted 49,400 Equity Shares of 10/- per shore, for value Rs 11.15			4.94	4.94		ı	,		- 4.94	- 4.94
lakhs)		ı	4.94	4.94			,		- 4.94	4.94
Investment in Preference Shares									• •	· .
Ajagar Finance Private Limited (50000 optionaly convertible preference shares of Rs. 10/- each)	- 64.57	64.57		64.57				·	50.00	50.00
Grameen Development & Finance Pvt. Ltd. (200000 optionally convertible preference shares of Rs. 104- each)	- 282.80	282.80	ı	282.80	ı	ı	ï	ï	200.00	200.00
Nightingale Finvest Pvt. Ltd. 200000 oninouity convertible melemene strares of Rs 107, each)	- 429.82	429.82		429.82					200.00	200.00
VIVI Financial Services Private Limited 100000 optionaly converble preference shores of Rs.10/- each)	- 1645.35	1,645.35		1,645.35					100.00	100.00
- (50000 optionally convertible preference shares of Rs. 10/- each)	- 676.52	676.52	·	676.52	·				50.00	50.00
Investment in Associates North East Venture Fund			3,852.68	3,853					2,299.75	- 2,299.75
Total - Gross (A)	5.49 38,459.98	40,385.47	3,862.56	44,248.03					39,293.93	39,293.93
i) Investments outside India	- 5.49 38.459.98	- 40.385.47	- 3.862.56	- 44.248.03					- 39.293.93	- 39.293.93
		40,385.47	3,862.56	44,248.03					39,293.93	39,293.93
Less : Allowance for Impairtment Loss ( C )										

nvestment in units of mutual funds are measured based on their published NAV- based on guoted market price. Such instruments are usually Level 1 or 2 traded/scrips / bonds/preference shares, fair value is ascertained by dividing the net worth with the number of shares as per the latest available audited Balance Sheet. Such instruments are usually Level 3 hierarchy of fair value ( unobservable inputs). All investments other than mutual fund units are valued using net worth method except in case of investment in subsidiary and associate where the investment is recognised at cost. No impairment loss have been hierarchy of fair value. In respect of shares / scrips / bonds quoted in recognised stock exchange and traded, latest quotation nearest to the balance sheet date is taken to ascertain the market value. Such instruments are usually Level 1 hierarchy of fair value. In respect of unquoted shares / quoted and nonecognised.



(₹ in Lakh)

Note 7 : OTHER FINANCIAL ASSETS	As at 31st March, 2021	As at 31st March, 2020
Interest Receivable on Loans & Advances	487.42	120.34
Interest Receivable on Fixed Deposits	360.91	270.40
Interest Receivable on Fixed Deposits (TEDF)	377.99	246.92
Interest Receivable on Staff Housing Loan	321.21	269.84
Advances to Others	48.32	5.30
Advances to Staff	61.27	24.74
Earnest Money Deposit	40.05	40.99
Security Deposits (Unsecured, Considered good)	24.49	21.47
Term deposits with banks (maturity more than 12 months)	-	-
- Free	6,799.80	10,003.48
- Under Lien	119.23	25.50
- Free (TEDF)	1,498.00	3,350.00
Prepaid Employee Benefit Expenses	44.12	-
Other receivables	309.93	157.47
	10,492.76	14,536.44
Note 8 : CURRENT TAX ASSETS(NET)	As at 31st March, 2021	As at 31st March, 2020
Advance Payment of Income tax & TDS	-	2470.03
Less: Provision for Income Tax	-	1600.00
	-	870.03



15.96 18.14 2,778.82 169.70 1,190.14 91.711 90.40 0.75 2.51 151.29 10.66 15.25 5.82 12.60 16.41 0.73 924.00 37.28 31.03.2020 As on Net Block 10.15 III.48 141.04 20.98 169.70 924.00 1,087.07 73.25 0.75 11.94 50.82 17.16 13.32 4.69 13.92 2.03 0.73 2,653.01 31.03.2021 As on 14.16 32.19 69.41 76.70 19.25 261.11 87.29 840.69 373.81 32.05 115.24 1,001.36 3,217.59 15.78 250.80 13.85 13.89 31.03.2021 . ı. Upto 1.57 **Depreciation/ Amortisatior** 1.16 0.41 Adjustment during the ī . 1 . ī ī ī ī ī period During the 5.71 1.13 2.45 4.03 24.07 208.10 103.06 17.15 1.93 2.49 0.49 3.70 36.84 5.07 ī period ī ī ī 26.48 66.96 14.16 111.95 737.63 30.92 74.20 13.36 15.23 13.89 82.23 3,011.06 15.78 356.66 248.88 238.20 964.52 01.04.2020 ī Upto 31.19 79.56 169.70 924.00 1,927.77 143.67 15.78 447.06 264.13 36.73 90.61 14.90 15.88 311.93 132.40 1,142.40 14.62 108.27 5,870.60 31.03.2021 As on 10.63 5.08 4.33 1.22 **Adjustment during** Deduction/ the period Gross Block 15.38 91.35 37.66 2.76 35.55 **Adjustment during** ı ī the period Addition 924.00 143.67 15.78 264.13 36.73 79.56 90.61 14.90 20.21 31.19 275.48 134.72 1,106.84 14.62 92.89 5,789.88 169.70 1,927.77 447.06 01.04.2020 ī As on Freehold Land at Khanapara Interior Furnishings & Fittings Water Installation System Air Conditioning System Furniture & Fixtures (HO) Freehold Land at Dispur Particulars Head Office Building Electrical Installation Office at Agartala Furniture & Fixtures Plant & Equipment Fire Alarm System Office Equipments Solar Panels Machineries RCC Bridge UPS System Computers Total - A Buildings Vehicle and Ë ы. Š ო വ 9 2 4

# (₹ in Lakh)

Note: 9A - PROPERTY PLANT AND EQUIPMENT

EIS

			Gro	Gross Block			Depreciation	Depreciation/ Amortisation		Net Block	ock
SI.	Particulars	As on	Addition/	Deduction/	As on	Unto	During the	Adjustment	Unto	Ason	As on
ŝ		01.04.2020	Adjus	tment during Adjustment during the	21	5		during the	31.03.2021	31.03.2021	31.03.2020
			the period	period				period			
-	Computer Software	342.02	ı	1	342.02	102.61	68.40	ı	10:171	101/21	239.42
	Total Intangible Assets (B)	342.02			342.02	102.61	68.40	ı	171.01	171.01	239.42

Note: 9C - PROPERTY PLANT AND EQUIPMENT- Rights-Of-Use Assets

# Note: 9C -PROPERTY PLANT AND EQUIPMENT- Rights-Of-Use Assets

			Gro	Gross Block			Depreciatior	Depreciation/ Amortisation		Net Block	ock
si. No.	Particulars	As on 01.04.2020		Addition/ Deduction/ Adjustment during the the period period	As on 31.03.2021	Upto 01.04.2020	During the period	Adjustment during the period	Upto 31.03.2021	As on 31.03.2021	As on 31.03.2020
	Rights-Of-Use Assets										
-	(Leasehold premises)	130.54	74.03	7.00	197.58	I	39.06	7.00	32.05	165.52	ı
	Total ROU Assets (C)	130.54	74.03	7.00	197.58	ı	39.06	7.00	32.05	165.52	I
	Total Assets (A+B+C)	6,262.44	165.39	17.63	6,410.20	3,113.66	315.56	8:58	3,420.65	2,989.54	3,018.24
Prev	Previous Year	6,113.28	36.79	18.17	6,131.90	2,842.26	288.72	17.32	3,113.66	3,018.24	3,271.02

\* Building includes ₹ 199.51/- (previous year ₹ 199.51/-) towards Permanent Stalls at India Exposition Mart, Noida, acquired out of grant received from the North Eastern Council, Shillong. As per Ind As-16, the asset has been taken at cost in the books and the corresponding depreciation is charged to the fund every year. 6

Capital Work In Progress

- 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. В
- Depreciation on permanent stalls at IEM was provided by taking useful life as 60 years till 2019-20. But as per recommendation of CAG, the useful life of the useful life is taken as change in accounting estimate. Had the useful life been taken as 30 years since adoption of Schedule II of Companies Act 2013, since 2014-15, the total depreciation would have been ₹ 113.59/-, whereas by taking useful life as 60 years the total depreciation has amounted to ₹ 78.97/-. Thus said asset is changed from 60 years to 30 years, and accordingly depreciation for the year was calculated by taking the useful as 30 years. This change of depreciation to the extent of ₹ 34.61/- has remained unabsorbed. This amount will be amortised over the remaining useful life of the asset. Б
- Landscaping and Tiles Flooring work at Head Office Building was capitalised and useful life was taken at 60 Years. But as per recommendation of CAG, the and accordingly an excess depreciation to the extent of ₹ 7.61/- and ₹ 29.22/- was charged against Tiles Flooring and Landcapping work respectively. The assets are re-classified as Non Carpeted Roads (Useful Life 3 years). So it was decided to write off the remaing unabsorbed depreciation during the year, written down value as at  $31^{
  m st}$  March 2021 is equal to residual value of the said asset. 0

(₹ in Lakh)

0.72

0.87



(₹ in Lakh)

		( • • • • • • • • • • • • • •
Note 10 : OTHER NON FINANCIAL ASSETS	As at	As at
	31st March, 2021	31st March, 2020
Income Tax Refundable	285.14	1,745.47
	285.14	1,745.47
Note 11 : PAYABLES	As at	As at
	31st March, 2021	31st March, 2020
(I)Trade Payables		
(i) -total outstanding dues of micro & small enterprises	-	-
(ii) - total outstanding dues of creditors other than		
micro & small enterprises	357.89	224.14
(II) Other Payables	-	-
	357.89	224.14
Note 12 : BORROWINGS	As at	As at
Note 12 . Borkowings	31st March, 2021	31st March, 2020
Term Loan (Unsecured) from Others, amortised at cost		
(within India)		
Interest free loan from Government of India *	46,099.07	44,340.45
	-	-
Interest free loan from Government for Venture	2,309.91	2,174.03
	-	-
Loan from National Backward Classes Finance & Development		·
Eodit north National Backward Classes Finance & Development	_	178.57
Corporation (NBCFDC)** (6th Loan)	_	

**Note\*** 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. The interest rate considered for discounting of Interest free Government Ioan repayable at maturity is that of Government Bonds which is 6.25% till FY 2019-20 and 6.18% from FY 2020-21.

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



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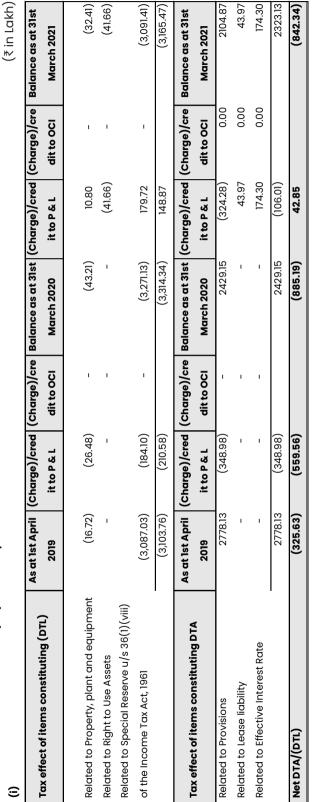
# **NOTES ON STANDALONE FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2021

		(₹ in Lakh)
	As at	As at
Note 13 : OTHER FINANCIAL LIABILITIES	31st March, 2021	31st March, 2020
GST, PF and other statutory liabili es	65.89	33.45
No onal Interest	25,239.03	26,366.52
Undisbursed Central Subsidies	6,065.01	3,043.78
Lease liability	174.70	-
Security Deposit	91.73	99.03
Other Liabili es	5,146.92	6,164.26
Upfront Fees Received in Advance*	-	994.58
NE Trade Expo	0.44	0.44
MEFC R&D Training Fund	16.28	16.28
	36,800.00	36,718.36

\* From FY 20-21 loans have been recognised at amortised cost using Effective Interest Rate. Upfront Fee received in advance have been considered in calculation of the same.

	As at	As at
Note 14 : CURRENT TAX LIABILITIES(NET)	31st March, 2021	31st March, 2020
Provision for Income Tax	1,705.60	-
Less: Advance Payment of Income tax & TDS	(1,639.54)	-
	66.06	-

Note 15 : PROVISIONS	As at	As at
	31st March, 2021	31st March, 2020
Provisions for employee benefits		
- Gratuity	266.91	217.34
- Leave Encashment	999.19	894.67
-Leave Travel Concession / Allowance	94.65	93.30
Others		
Floating Provision against Advances	200.00	200.00
Provision for Diminution in Fair Value of		
Restructured Advance	13.35	31.29
	1,574.10	1,436.60



Note 16 : DEFERRED TAX LIABILITIES (net) and Tax expense







(ii)		(₹ in Lakh)
Income tax recognised in Statement of profit and loss	As at 31st March, 2021	As at 31st March, 2020
(a) Current tax :		
In respect of current year	1701.36	1600.00
In respect of prior years	(294.44)	0.00
	1406.92	1600.00
(b) Deferred tax : In respect of current year origination and		
reversal of temporary differences	(42.85)	559.56
	(42.85)	559.56
	1,364.07	2,159.56

#### (iii)

Income tax recognised in Other Comprehensive Income	As at 31st March, 2021	As at 31st March, 2020
Deferred tax related to items recognised		
in OCI during the year		-
Remeasurement of defined employee		
benefits	(14.66)	-
Net gain/(loss) on equity instruments		
through OCI	10.42	-
	(4.24)	-

#### (iv)

Reconciliation of estimated Income Tax	As at	As at
expenses at tax rate to income tax	31st March, 2021	31st March, 2020
expenses reported in the Statement of		
profit and loss :		
Profit before tax	8,360.97	5,570.94
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	2,104.29	1,402.09
Adjustment in respect of current income		
tax of prior years	(294.44)	-
Non-deductible expenses		
Corporate social responsibility expenditure not deductable	271.79	160.00
Effect of other expenses/provisions not		
deductible	(1,012.01)	597.47
Adjustment in respect of prior years	294.44	-
Reported income tax expense	1,364.07	2,159.56



		(₹ in Lakh)
Note17 : SHARE CAPITAL	As at 31st March, 2021	As at 31st March, 2020
AUTHORISED		
50,00,000 Equity Shares of ₹ 10/- each	50,000.00	50,000.00
(Previous Year: 50,00,00,000 Equity Shares of ₹ 10/- each)		
	50,000.00	50,000.00
10,00,00,007 Equity Shares of ₹ 10/- each	10,000.00	10,000.00
(Previous Year: 10,00,00,007 Equity Shares of ₹ 10/- each)		
PAID UP		
10,00,00,007 Equity Shares of ₹ 10/- each	10,000.00	10,000.00
(Previous Year: 10,00,00,007 Equity Shares of ₹ 10/- each)		
	10,000.00	10,000.00

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

Equity Shares	As at 31st March, 2021	As at 31st March, 2020
At the beginning of the year (No. of Shares) Issued during the year	1,000.00 -	1,000.00 -
Outstanding at the end of the year	1,000.00	1,000.00

#### 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.

#### c) The Detail of Shareholder's holding more than 5% of Shares

Name of the shareholders	As at 31/03/2021 No. of	As at 31/03/2020 No. of
	Shares % of holding	Shares % of holding
i. IDBI Bank Limited	250.00	250.00
	25%	25%
ii. Life Insurance Corporation of India	150.00	150.00
	15%	15%
iii. State Bank of India	150.00	150.00
	15%	15%
iv. Industrial Finance Corporation of India	100.00	100.00
	10%	10%
v. ICICI Ltd.	100.00	100.00
	10%	10%
vi. Small Industries Development Bank of India	100.00	100.00
	10%	10%
vii. Administrator of Specified Undertaking of Unit Trust of India	100.00	100.00
	10%	10%

**Notes 17.1:** 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.



(₹ in Lakh)

Note 18 : OTHER EQUITY	As at 31st March, 2021	As at 31st March, 2020
I. Other Reserves		
(a) North East Equity Fund		
Fund Balance	798.71	798.71
Less: Bad Loans written off	(167.67)	(167.67)
Less: Provision against Soft Loans under NEEDS	(17.93)	(18.18
(b) Statutory Reserve under RBI Act, 1934	613.11	612.86
Opening Balance	13,875.68	13,167.91
	1,399.38	707.77
Add:Transferred from Retained Earnings	15,275.06	13,875.68
(c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961		
Opening Balance	11,233.28	10,601.07
Add:Transferred from P/L Account	1,049.81	632.2
	12,283.09	11,233.28
(d) Venture Capital Fund:	1000.00	1000.01
Fund Balance	1,260.30	1,236.91
Add: Transferred from General Reserve	22.64 1,282.94	23.39
(e) General Reserve	.,=====	.,
Opening balance	42,711.58	42,734.97
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year for:	-	-
Others : Transferred to Venture Capital Fund	(22.64)	(23.39)
	42,688.94	42,711.58
(f) India Exposition Mart Stalls		
Opening balance	155.02	161.18
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	(14.10) 140.92	(6.16) 155.02
(g) Techno Economic Development Fund		
Opening balance	3,854.11	3,920.19
Add: Additions / transfers during the year	438.24	303.16
Less: Utilisations / transfers during the year	278.29	(369.24
	4,014.05	3,854.11
(h) CSR Reserve Opening balance		26.10
	_	20.10
Add: Additions / transfers during the year Less: Utilisations / transfers during the year		(26.10)
	-	-
(i) Impairment Reserve*		
Opening balance	-	
Add : Additions during the year	3,315.75 3,315.75	
	3,315.75	
Retained Earnings		
Balance as per last Balance Sheet	2,251.50	1,144.54
Profit for the Period	6,996.90	3,411.38
Adjustments in initial recognition due to fair value changes :	3,667.76	-
Adjustments due to retrospective application of Ind AS 116 : Leases	(5.89)	-
Adjustment due to derecognition of tax paid on upfront fee received in advance	(318.98)	-
Other comprehensive income	(21.09)	-
Less: Appropriations	-	-
Transferred to General Reserve Dividend Paid	- (800.00)	- (800.00
Tax on Dividend	(000.00)	(164.44
Transferred to Statutory Reserve under RBI Act, 1934	- (1,399.38)	(164.44
Transferred to Statutory Reserve	(1,049.81)	(632.2)
	(,	
	9,321.00	2,251.50

#### Note 18.1 : Nature and purpose of reserves

\* Impairment Reserve has been created as per RBI Circular No. RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards.



(₹ in Lakh)

Note 19 : INTEREST INCOME	As at the end of 31st March, 2021	As at the end of 31st March, 2020
On financial instruments measured at Amortised cost		
Interest on loans	10,388.60	9,012.55
Interest on Fixed Deposits and Bonds	718.84	468.09
	11,107.43	9,480.64

\*From current year, interest income have been recognised using Effective Interest Rate (EIR) method as per

"Ind AS 109 : Financial Instruments".

Note 20 : DIVIDEND INCOME	As at the end of	As at the end of
NOTE 20 . DIVIDEND INCOME	31st March, 2021	31st March, 2020
From equity investments	2.40	2.40
From preference share investments	49.35	13.09
	51.75	15.49

Note 21 : RENTAL INCOME	As at the end of	As at the end of
	31st March, 2021	31st March, 2020
Rent Received	304.48	289.69
Maintenance Charges	127.13	120.79
Hall Charges	4.10	33.18
	435.71	443.66

Note 22 : FEE AND COMMISSION INCOME	As at the end of	As at the end of
	31st March, 2021	31st March, 2020
Upfront Fees*	-	290.29
Prepayment Charges	9.81	13.63
	9.81	303.92

\*From current year, interest income have been recognised using Effective Interest Rate (EIR) method. The

Upfront fees received during the year have been netted off from outstanding to calculate EIR and amortised

Note 23 : NET GAIN/LOSS ON FAIR VALUE CHANGES	As at the end of	As at the end of
NOLE 25 . NET GAIN/LOSS ON PAIR VALUE CHANGES	31st March, 2021	31st March, 2020
Net gain/(loss) on financial instruments at FVTPL		
Realised gain/(loss) from sale of Mutual Fund units	1,769.88	2,318.69
Unrealised fair value gain/(loss) on Mutual Fund units	66.07	0.00
Unrealised fair value gain/(loss) on debt instruments	215.40	0.00
	2,051.35	2,318.69
Note 24 : OTHER OPERATING INCOME	As at the end of	As at the end of
	31st March, 2021	31st March, 2020
Consultancy Fees	486.80	269.78
Deferred Interest	2,907.15	2,738.11
	3,393.95	3,007.88



(₹ in Lakh)

Note 25 : OTHER INCOME	As at the end of	As at the end of
NOLE 25 . OTHER INCOME	31st March, 2021	31st March, 2020
Interest on loan to staff*	124.21	-
Miscellaneous Receipts	6.05	79.24
Bad Loans & Advances Recovered	889.78	153.44
Interest on I.T. Refund	131.90	-
Contribution to gratuity fund	9.78	-
Reversal of impairment on loans	271.84	-
Gain on disposal of assets(net)	0.17	-
	1,433.73	232.68

\* From current year, loans to staff given at concessional rates have been discounted to represent fair value.

Market Rate have been considered at 7.25% (60 bps above EBLR of 6.65%)- the rate charged by SBI for Term			
Note 26 : FINANCE COSTS As at the end of		As at the end of	
	31st March, 2021	31st March, 2020	
Interest on Borrowing	0.00	4.5	
	0.93	4.5	
- NSCFDC	-	0.0	
Notional Interest on Government Loan	2,907.15	2,738.	
Prepaid Employee Benefit expenses amortised during the year	40.45	-	
Interest Expense on lease liabilities	11.45	-	
	2,959.98	2,742.7	
	As at the end of	As at the end of	
Note 27 : IMPAIRMENT ON FINANCIAL INSTRUMENTS	31st March, 2021	31st March, 2020	
On financial instruments measured at Amortised cost			
Bad debts and write offs	2,547.33	2,793.8	
Loans	-	171.0	
	2,547.33	2,964.9	
Note 28 : EMPLOYEE BENEFIT EXPENSES	As at the end of	As at the end of	
	31st March, 2021	31st March, 2020	
Salaries & Wages			
- Salaries (Director)	58.30	57.72	
- Salaries (Director) - Salaries (Others)	58.30 2,458.66		
		2,214.7	
- Salaries (Others)	2,458.66	2,214.7 93.60	
- Salaries (Others) - Leave Travel Concession / Allowance	2,458.66 31.17	2,214.7 93.60	
- Salaries (Others) - Leave Travel Concession / Allowance - Leave Encashment	2,458.66 31.17	2,214.7 93.6 164.1	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> </ul>	2,458.66 31.17 207.60	2,214.7 93.6( 164.1( 171.9	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> </ul>	2,458.66 31.17 207.60	2,214.7 93.6( 164.1( 171.9	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li><u>Contribution to Provident and other Funds</u></li> <li>Employer's Provident Fund</li> <li>Gratuity</li> </ul>	2,458.66 31.17 207.60	2,214.7 93.6 164.1 171.9 23.5	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> <li>Medical Reimbursement</li> </ul>	2,458.66 31.17 207.60 190.50 -	2,214.7 93.6 164.1 171.9 23.5 60.4	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> </ul>	2,458.66 31.17 207.60 190.50 - 45.08 0.21	2,214.7 93.6 164.1 171.9 23.5 60.4 13.9	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> <li>Medical Reimbursement</li> <li>Recruitment / Relocation Expenses</li> <li>House Rent</li> </ul>	2,458.66 31.17 207.60 190.50 - 45.08 0.21 17.54	2,214.7 93.60 164.10 171.9 23.50 60.40 13.90 17.00	
<ul> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> <li>Medical Reimbursement</li> <li>Recruitment / Relocation Expenses</li> </ul>	2,458.66 31.17 207.60 190.50 - 45.08 0.21	2,214.7 93.60 164.10 171.9 23.50 60.41 13.90	



### The following table sets out the status of the defined Gratuity and Leave Encashment Plan

Particulars	Grate	uity.	Leave Enc	(₹ in Lakh
Particulars	Current Year(')	Previous Year (')	Current Year(')	Previous Year (')
i. Change in the present value of the defined b		Flevious feur ()	current redi()	Flevious feur ()
Opening benefit obligation	583.23	546.36	894.67	851.04
Current Interest Cost	39.13	42.45	60.03	66.13
Past Service Cost	33.13	42.45	00.03	00.10
Current Service Cost	28.49	28.11	56.31	54.06
Benefit Paid	20.43	20.11	(102.57)	(212.99
Actuarial (Gain)/Loss	25.77	(33.69)	90.75	136.4
Closing benefit Obligation	647.78	583.23	999.19	894.6
ii. Change in Plan Assets				
Opening Fair Value of Plan Assets	365.89	324.85	-	-
Actual Return of Plan Assets	23.4	22.87	-	-
Contribution	20.43	18.16	102.57	212.99
Benefit Paid	(28.85)		(102.57)	(212.99
Closing Fair Value of Plan Assets	380.87	365.89		
	I			
iii. Reconciliation of Expense in Profit & Loss St	<u>atement</u>			
Closing Present Value of Obligation	647.78	583.23	999.19	894.67
Opening Present Value of Obligation	(583.23)	(543.36)	(894.67)	(851.04)
Benefit Paid	28.85	0	102.57	212.04
Actual Return on Assets	(23.4)	(22.87)	0	C
OCI	(26.92)	31.33		
Expense required in Profit & Loss Account	43.08	45.32	207.09	256.63
iv. Net Cost recognized in Profit & Loss Accoun	ıt			
Current Service cost	28.49	28.11	56.31	54.0
Net Interest Cost	14.58	17.21	60.03	66.1
Net acturial(Gain)/Loss	-	-	90.75	136.4
Expense required in Profit & Loss Account	43.08	45.32	207.09	256.6
	ability recognized in B	alance Sheet		
v. Reconciliation of opening and closing net lie			894.67	851.04
v. Reconciliation of opening and closing net lide Opening Net Liability	217.34	221.51	094.07	001.04
	217.34 43.08	221.51 45.32	207.09	256.6
Opening Net Liability				

vi. Maturity Profile of Defined Benefit Obligation				
Year 1	56.51	52.81	129.95	113.18
Year 2	31.43	27.81	117.84	90.05
Year 3	48.99	32.60	91.07	101.02
Year 4	30.48	44.77	112.12	77.01
Year 5	46.76	27.05	93.79	94.17
After 5th Year	1,121.98	1,033.80	1,143.76	1,057.60
Total	1,331.15	1,218.84	1,688.54	1,533.03

26.92

266.91

(31.33)

217.34

999.19

894.67

OCI

Closing Net Liability



#### vii Sensitivity Analysis for Gratuity

Item	As at 31/03/2021	Impact (Absolute)	Impact %
Base Liability	647.78	0	
Increase Discount Rate by 0.5%	620.33	(27.44)	(4.24%)
Decrease Discount Rate by 0.5%	677.27	29.49	4.55%
Increase Salary Inflation by 1.00%	685.62	37.84	5.84%
Decrease Salary Inflation by 1.00%	611.25	(36.53)	(5.64%)
Increase withdrawal Rate by 1.00%	673.16	25.38	3.92%
Decrease Withdrawal Rate by 1.00%	621.59	(26.19)	(4.04%)

#### viii. Sensitivity Analysis for Leave Encashment

Item	As at 31/03/2021	Impact (Absolute)	Impact %
Base Liability	999.19	0	
Increase Discount Rate by 0.5%	968.27	(30.92)	(3.09%)
Decrease Discount Rate by 0.5%	1,031.96	32.78	3.28%
Increase Salary Inflation by 1.00%	1,067.27	68.08	6.81%
Decrease Salary Inflation by 1.00%	937.58	(61.60)	6.81%
Increase withdrawal Rate by 1.00%	1,002.38	3.19	0.32%
Decrease Withdrawal Rate by 1.00%	996.03	(3.15)	(0.32%)

**Note:** 1. The base liability is calculated at discount rate of 6.79% per annum and salary inflation rate of 3 % per annum for all future years. 2. Liabilities are very sensitive to salary escalation rate, discount rate and withdrawal rate. 3. Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitives due to change in mortality are ignored.

#### ix. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2021 are as under:

Category of Plan Assets	Gratuity	Leave Encashment
Funds Managed by LICI	% of Plan Assets	% of Plan Assets
	100%	

#### x. Principal Actuarial Assumptions

Particulars		Gratuity		Leave Encashment
	Current Year(')	Previous Year (')	Current Year(')	Previous Year (')
Discount Rate	6.79%	6.71%	6.79%	6.79%
Rate of increase in Compensation Levels	3.00%	3.00%	3.00%	3.00%
Rate of Return on Plan Assets	6.71%	7.77%	-	-

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 @ 3% p.a. However, on review the actuary observed that the average increase comes out @ 3% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 3% 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 ₹ 190.50 Lac (Previous Year ₹ 171.91 Lac) has been charged to Profit & Loss Account including arrears.

(₹ in Lakh)

Note 29 : DEPRECIATION, AMORTIZATION & IMPAIRMENT	As at the end of	As at the end of
NOLE 29 . DEFRECIATION, AMORTIZATION & IMPARMIENT	31st March, 2021	31st March, 2020
Depreciation on Property, Plant and Equipment	194.00	214.16
Depreciation on Intangible Asset	68.40	68.40
Depreciation on ROU Asset	39.06	-
	301.46	282.56

Note 30 : OTHER EXPENSES	As at the end of 31st March, 2021	As at the end of 31st March, 2020
Rent, Taxes and Energy Cost		
Electricity Charges & Electrical Expenses	51.15	43.61
Rent on short term leases	1.44	47.02
GST Expenses	57.05	65.28
Licence & Registration Fees	16.46	19.44
Repairs & Maintenance		
Repairs & Maintenance (Machine)	56.60	59.33
Repairs & Maintenance (Security Service Charges & Others)	303.53	318.94
Software Maintenance Expenses	49.97	40.28
Communication Costs		
Telephone Charges & Postage	24.88	24.64
Printing & Stationery	15.68	20.77
Advertisement & Publicity		
Advertisement Expenses	7.40	1.61
Business Promotion	18.92	29.67
Business Facilitation Centre Expenses	9.97	19.00
Director's Fees, allowances and Expenses		
Travelling Expenses (Director)	0.04	0.90
BOD Meeting Expenses	22.81	29.42



(₹ in Lakh)

Auditors' Fees and Expenses		
Tax Audit Fees	0.42	0.42
Statutory Audit Fees	2.24	2.24
Internal Audit Fees	4.00	3.25
Other services	0.20	0.00
Reimbursement of expenses	0.30	0.00
Legal & Professional Fees and Expenses	35.88	92.79
Insurance charges	10.94	7.72
Other Expenses		
Other Audit Expenses	1.24	3.93
Bank charges	1.89	1.55
Books & Periodicals	2.14	2.51
Car hire Expenses	42.38	56.08
Consultancy Expenses	61.04	79.91
Conveyance	2.53	3.17
Honorarium	0.62	-
Haat Expenses	19.96	-
India Exposition Mart Expenses	5.95	7.56
Miscellaneous Expenses	11.32	0.94
Mission Organic Expenses	0.77	1.67
Research & Developmental Expenses	102.57	103.98
Seminar & Conference Expenses	3.57	13.68
Training Expenses	0.80	22.37
Travelling Expenses (Others)	6.92	44.40
Loss on sale / disposal of assets (net)	-	0.11
CSR Expenses	271.79	160.00
	1,225.39	1,328.19



(₹ in Lakh)

Note: 30.1 – CSR EXPENSES	As at the end of 31st March, 2021	As at the end of 31st March, 2020
Skill & Market Development Expenses	271.79	160.00
	271.79	160.00

#### Note: 30.2

**a.** Gross amount required to be spent: ₹ 148.71 lakhs(P.Y. ₹ 186.00 lakhs). 2% of the average profit of last three financial years i.e. 2% of ₹ 22307.28 lakhs(P.Y. ₹ 78,66.93 lakhs)= ₹ 446.15 lakhs(P.Y. ₹ 1,57.34 lakhs). The Corporation has spent ₹ 2,71,79 lakhs(P.Y. ₹ 1,86.09 lakhs) on CSR.

**b.** Amount spent during the year on (₹ In lakhs)

(₹ in Lakh)

	In Cash		Yet to be paid Cash		Total	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
i. Construction / acquisition of any asset	-	-	-	-		-
ii. On purpose other than i. above	271.79	160.00	-	-	271.79	160.00

c. ₹ 50 lakhs was transferred to NE SHILP during the year.

**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 31 : EARNINGS PER SHARE	As at the end of 31st March, 2021	As at the end of 31st March, 2020
The following table reconciles the numerators and denominators used to		
calculate Basic and Diluted Earning per Share for the year ended 31st		
March 2021. <b>Particulars</b> (a) Profit/(Loss) Attributable to Equity Shareholders (₹ in Lacs)	6,975.80	3,411.38
<ul><li>(b) The weighted average number of Equity Share of Basic EPS</li><li>(c) The weighted average number of Equity Share of Diluted EPS</li></ul>	1,000.00 1,000.00	1,000.00 1,000.00
(d) Nominal value per Ordinary Share (₹) (e) Earnings Per Share - Basic (₹)	10.00 6.98	10.00 3.41
(f) Earnings Per Share - Diluted (₹)	6.98	3.41



#### **NOTE 32 : 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		
	Mr.S.K.Tandon (upto 03/08/2020)	Nominee Director (SBI)		
	Mr. R.S.Ramesh (w.e.f 03/08/2020)	Nominee Director (SBI)		
	Mr. Dinesh Bhagat (upto on 03/08/2020)	Nominee Director (LIC)		
	Mr. N.P.Sinha (w.e.f 03/08/2020, upto 12/11/2020)	Nominee Director (LIC)		
	Mr. A. Kumar (w.e.f on 20/01/2021)	Nominee Director (LIC)		
	Mr. Bhaskar Jyoti Sarma	Independent Director		
	Mr. Sanjay Kumar Pai	Independent Director		
	Dr. Natalie West Kharkongor	Independent Director		
	Mr. S. Chaudhuri	Nominee Director (IDBI)		
	Mr. S.C Gupta	Director		
	Mr .Indevar Pandey	Director		
	Mr. Manoj Kumar	Director		
Subsidiaries	NEDFi Trustee Limited			
	NEDFi Venture Capital Limited			
Associates	North East Venture Fund			
Trusts / Funds under control of the Company	North East Society for Handicraft Incubation and Livelihood Promotion (NE SHILP)			



(₹ in Lakh)

(₹ in Lakh)

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

Particulars	31st March, 2021	31st March, 2020
Key managerial personnel		
Short Term Employee Benefits -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	65.42 49.96 42.10	67.88 54.55 44.45
Repayment/ Recovery of loans and advances -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	NIL 8.14 1.99	1.25 7.79 1.99
Director's Sitting Fees	20.80	23.00
Subsidiaries		
NEDFi Venture Capital Limited -Receivable towards salary payments	162.94	146.96
Associates	· · · · · · · · · · · · · · · · · · ·	
Investment in North East Venture Fund	1552.93	353.00
Trusts / Funds under control of the Company		
NE SHILP -Payment towards purchase of craft products -Payment towards reimbursement of expenses -Release of corpus fund	0.0719 12.05 50.00	0.3349 - -

#### C. Outstanding Balance with Related Parties:

Particulars	31st March, 2021	31st March, 2020
Key managerial personnel		
Loans & Advances -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	Nil 15.11 3.7	Nil 19.80 5.46
Subsidiaries -Receivable from NEDFi Venture Capital Limited	3,09.89	1,46.96
Trusts / Funds under control of the Company		
-Receivable from NE SHILP	NIL	10.47



#### **NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS**

(₹ in Lakh)

Particulars	2020-21	2019-2020
i) Contingent liabilities		
Other money for which company is contingently liable.	1364.00	1364.00
ii) Commitments		
Other commitments (loan sanctioned but not disbursed)	44,578.96	37653.00

**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  $\gtrless$  44,578.96 lakhs, which shall be disbursed in due course, subject to compliance of requisite formalities.

**c.** The service tax department had raised a demand of ₹ 197.07 lakhs towards short payment of service tax (₹ 109.70 lakhs),

non-payment of service tax on prepayment charges (₹ 11.68 lakhs) and interest amount (₹ 75.68 lakhs). The Corporation had already deposited ₹ 175.47 lakhs under protest and debited the same in the profit and loss account. 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 Department for Promotion of Industry & Internal Trade (DPIIT), formerly known as DIPP, raised the demand of ₹ 1342 lakhs towards refund of interest earned on unspent central subsidy funds received. However, DPIIT had taken a decision on March 22, 2000 to allow the Corporation to meet its administrative expenses out of treasury operations of the funds released by DPIIT as no service charge was being paid to the Corporation. Further, DPIIT in meeting held on September 25, 2012 advised the Corporation to articulate the actual administrative expenses. The Corporation then reverted to DPIIT where the administrative cost incurred by the Corporation during 2000-2015 has been estimated to be ₹ 2415 lakhs. The Corporation has also requested DPIIT to pay an administrative charge @ 1% of the disbursed fund. Although the matter is being pursued with DPIIT, no response has been received. Since the administrative charge, when paid, will be higher than the interest refundable to DPIIT, no provision has been made in the books of accounts of the Corporation.

**Note 34:** 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 other financial liabilities to the extent of undisbursed amount.

**Note 35**: Special Reserve has been created and maintained in terms of Section 36 (1) (viii) of the Income Tax Act, 1961.

**Note 36:** In accordance with the instructions in RBI circular RBI/2021-22/17DOR. STR. REC.4/21.04.048/2021-22 dated 07 April, 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April, 2021, the Corporation has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period. i.e. 01 March 2020 to 31 August, 2020. The Corporation has estimated the said amount and made a provision of ₹ 42.46 lakhs in the financial statements for the year ended 31 March, 2021.

**Note 37:** The Provisioning Coverage Ratio of the Corporation is 63.68% (Previous Year 52.2%).

Note 38: The Corporation in association with the Ministry of Development of North Eastern Region (M-DoNER) has set up the first dedicated Venture Capital Fund for the NER, namely "North East Venture Fund (NEVF)". The fund is a unit scheme under North East Venture Trust (NEVT), an umbrella trust, wherein the Corporation is the settlor. The trust has been registered under the Indian Registration Act, 1908 on 13th October 2016. The corpus of the fund is ₹ 100 cr. NEVF has been registered with Securities and Exchange Board of India (SEBI). The first close of the fund has also been declared on 31st March, 2017. To operate and manage the fund, two wholly owned subsidiaries namely NEDFi Venture Capital Limited (NVCL) and NEDFi Trustee Limited (NTL) have been incorporated by the Corporation.



(₹ in Lakh)

#### Note 39: SEGMENT REPORTING

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

2020-21 2019-20 1. **Segment Revenue** Lending and Financing Activities 14195.34 12208.01 2770.19 Management of Surplus Funds 2786.78 Others 486.80 269.00 Total 17452.32 15263.79 2. **Segments Results** Lending and Financing Activities 4344.36 2136.01 Management of Surplus Funds 2770.19 2786.78 Others 752.90 109.76 Total 7867.45 5032.55 Unallocated Income 496.51 538.39 **Unallocated Expenses** 0 0 8360.96 5570.94 3. **Operating Profit** Income Tax 1364.07 2159.56 **Net Profit** 6996.89 3411.38 4. 5. **Other Information Segment Assets** 109756.85 Lending and Financing Activities 105633.7 Management of Surplus Funds 69677.31 60927.41 Others 204.69 319.00 179638.85 Total 166880.11 **Unallocated Assets** 7279.31 12308.75 Total 186918.17 179188.86 **Segment Liabilities** Lending and Financing Activities 87140.96 92349.34 Management of Surplus Funds 0 0 Others 0 0 **Unallocated Liabilities** 10209.11 6767.52 Total 97350.08 99116.86 89568.09 80072.00 **Net Capital Employed** 



**Note 40:** Schedule to the Balance Sheet of a NBFC as required under Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

#### (₹ in Lakh)

	Particulars	31st March	n, 2021	31st Marc	ch, 2020
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities side:				
1	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid: (a) Debentures : Secured : Unsecured (b) Deferred Credits (c) Term Loans (d) Inter-corporate loans and borrowing (e) Commercial Paper (f) Other Loans (specify nature) - GOI Loan* * taken at fair value	NIL NIL NIL NIL 48408.97	NIL NIL NIL NIL NIL	NIL 178.57 NIL NIL 72881	NIL NIL NIL NIL NIL
	Assets side:				
				Amount ou	tstanding
2	Break-up to Loans and Advances i other than those included in (3) be		eivable	As at 31/03/2021	As at 31/03/2020
	(a) Secured (b) Unsecured			1,00,528.29 10,508.76	96,278.73 10,527.37
3	Break up of Leased Assets and sto counting towards AFC activities	ck on hire and oth	ner assets	_	-
	<ul> <li>(i) Lease assets incl. lease rentals</li> <li>a) Financial lease</li> <li>b) Operating lease</li> </ul>	s under sundry de	btors:	-	-
	<ul> <li>(ii) Stock on hire including hire charges under sundry debtors <ul> <li>a) Assets on hire</li> <li>b) Repossessed Assets</li> </ul> </li> <li>(iii) Other loans counting towards AFC activities <ul> <li>a) Loans where assets have been repossessed</li> </ul> </li> </ul>			-	-
4	b) Loans other than (a) above Break-up of Investments:			As at 31/03/2021	As at 31/03/2020
	1. Quoted: (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds(Short	Term)		241.14 - - 35360.91	20.00 - - 35884.00
	(iv) Government Securities (v) Others (please specify)				



4	<ul> <li>2. Unquoted: <ul> <li>(i) Shares : (a) Equity</li> <li>(b) Preference</li> </ul> </li> <li>(ii) Debentures and Bonds</li> <li>(iii) Units of mutual funds</li> <li>(iv) Government Securities</li> <li>(v) Others (please specify) – North East Venture Trust Total</li> </ul>					1694.22 3099.07 - - 3852.68 <b>44248.02</b>	490.00 600.00 - - 2299 <b>39293</b>
5.	Borrower group-	wise classifica	ation of asset	s financed as i	n (2) and (3)	) above:	
		A	s at 31/03/20	21	Α	s at 31/03/20	20
	Category	Amount net of provisions Amount net of provisions				visions	
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties **						
	(a) Subsidiaries						
	(b) Companies in the same group						
	(c) Other related parties	_	17.91	17.91	_	25.25	25.25
	2. Other than related parties	1,00,528.28	10,490.85	1,11,019.13	96,278.73	10,502.11	1,06,780.84
	Total	1,00,528.28	10,508.76	1,11,037.04	96,278.73	10,527.36	1,06,806.10

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

Category	As at 31	03/2021	As at 31/03/2020	
	Market Value/Book ValueBreak up or fair(Net ofvalue or NAVProvisions)		Market Value/ Break up or fair value or NAV	Book Value (Net of provisions)
1. Related Parties**				
(a) Subsidiaries	285.74	10.00	155.00	10.00
(b) Companies in the same group	NIL	NIL	NIL	NIL
(c) Other related parties (NEVF)	1784.73	3852.68	2030.00	2299.00
2. Other than related parties	5024.55	40385.35	1871.00	1101.00
Total	7095.02	44248.03	4056.00	3410.00

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



#### (7) Other Information

	Particulars	As at 31/03/2021	As at 31/03/2020
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	7434.03	13014.00
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	2900.39	6420.00
(iii)	Assets acquired in satisfaction of debt		-

**Note 41:** Balance Sheet disclosures as required under Master direction-Non-Banking Financial Company-Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

#### A. Capital

Particulars	Current Year	Previous Year
i. CRAR	56.98%	53.91%
ii. CRAR – Tier I Capital	56.52%	53.46%
iii. CRAR – Tier II Capital	0.46%	0.45%
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 Lakhs)	Previous Year (₹ In Lakhs)
1. Value of Investments i. Gross value of Investments a. In India b. Outside India	44248.02	35884.30 -
ii. Provisions for Depreciation a. In India b. Outside India		-
lii. Net value of Investments a. In India b. Outside India	44248.02	35884.30 -
2. Movement of provisions held towards depreciation on investments I. Opening Balance ii. Add: Provision made during year iii. Less: Write off/ Write back iv. Closing Balance	- - -	- - -



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C. Asset

	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	I	-	Ι	I	I	I	I	I	I
Advances*	3,943.34	1,442.66	2,442.91	6,381.75	11,894.49	41,365.88	25,524.99	17453.38	110449.40
Investments	I	-	I	I	35360.91	I	I	8887.11	44248.02
Borrowings**	I	-	Ι	2962.82	I	10317.12	9139.04	25989.99	48408.97
Foreign Currency Assets	I	I	I	I	I	I	I	I	I
Foreign Currency Liabilities	I	1	I	1	I	I	I	I	I

\*at cost \*\*at fair value



### D) Exposure to Real Estate Sector

(₹ in Lakh)

Items	31/03/2021	31/03/2020
a) Direct Exposure		
(i) Residential Mortgages	1060.36	877.00
[all individual housing loans] (ii) Commercial Real Estate	7881.94	5349.00
(iii) Investments in Mortgage Backed Securities	/001.04	00-10.00
(MBS) and other securitized exposures:		
a) Residential	Nil	Nil
b) Commercial	Nil	Nil
c) Indirect Exposure	Nil	Nil
b) Fund based and non fund based exposures		
on National Housing Bank (NHB) and		
Housing Finance Companies (HFCs).		
Total Real Estate Exposure	8942.30	6226.00

### E) Exposure to Capital Market

(₹ in Lakh)

Partic	culars	Current Year	<b>Previous Year</b>
(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;	1935.37	509.88
(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)	3852.68	2299.75
Total	Exposure to Capital Market	5788.05	2809.63



### F) Details of Single Borrower Limit(SGL)/ Group Borrower Limit (GBL) exceeded by the NBFC

During the current and previous year, the Corporation has not exceeded the prudential exposure norms.

#### G) Unsecured Advances

As at 31st March, 2021, the amount of unsecured advances stood at ₹ 10508.76 lakhs (31st March, 2020 : ₹ 10527.37 lakhs)

#### H) Miscellaneous

# a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Corporation has not obtained any registration from other financial sector regulators.

# b) Disclosures of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

#### **c) Related Party Transactions** (Refer Note 31)

# d) Rating assigned by credit rating agencies and migration of ratings during the year.

The Corporation has not been assigned any rating as yet.

### I) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

#### J) Revenue Recognition

Refer Significant Accounting Policies.

# K) Indian Accounting Standard110-Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Indian Accounting standard 110. Refer Consolidated Financial Statements(CFS).

(₹ in Lakh)

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	(271.83)	(171.02)
Provision made towards Income Tax	1701.36	1600.00
Other Provision and Contingencies Leave Encashment Gratuity LTC Diminution in Fair Value of Restructured Advance	104.52 49.57 1.35 (17.94)	43.63 (4.16) -
Provision for Standard Assets	1804.25	200.62

#### L) Provisions and Contingencies



### M) Concentration of Advances

	As at 31/03/2021	As at 31/03/2020
Total Advances to twenty largest borrowers	29210.01	40054.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	26.45%	37.92%

#### N) Concentration of Exposures

	As at 31/03/2021	As at 31/03/2020
Total Exposures to twenty largest borrowers	32256.40	40704.00
Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC	29.20%	37.33%

#### O) Concentration of NPAs

	As at 31/03/2021	As at 31/03/2020
Total Exposure to top four NPA accounts	3516.16	6185.00

### P) Sector wise NPAs (Percentage of NPAs to Total Advances in that Sector)

SI. No.	Sector	As at 31/03/2021	As at 31/03/2020
1	Agriculture & allied activities	1.55%	1.96%
2	MSME	10.32%	22.21%
3	Corporate Borrowers	18.18%	33.14%
4	Services	3.73%	5.78%
5	Unsecured personal loans	NIL	NIL
6	Auto loans	NIL	NIL
7	Other personal loans	NIL	NIL



#### Q) Movement of NPAs

(₹ in Lakh)

Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	2.74%	6.48%
ii. Movement of NPAs (gross) a. Opening balance b. Additions during the year c. Reductions during the year d. Closing balance	13013.57 222.63 5802.17 7434.03	20351.44 1704.92 9042.79 13013.57
iii. Movement of net NPAs a. Opening balance b. Additions during the year c. Reductions during the year d. Closing balance	6420.02 166.97 3686.60 2900.39	13727.58 1439.25 8746.81 6420.02
iv. Movement of provisions for NPAs a. Opening balance b. Provisions made during the year c. Write off / Write backs d. Closing balance	6593.55 (2059.92) NIL 4533.63	6623.87 2764.00 2794.00 6593.55

#### R) Customer Complaints

		31 March 2021	31 March 2020
a.	No. of complaints pending at the beginning of the year	NIL	NIL
b.	No. of complaints received during the year	NIL	2
c.	No. of complaints redressed during the year	NIL	2
d.	No. of complaints pending at the end of the year	NIL	NIL

### S) Disclosure as required under RBI notification No. RBI/2019-20/220 DOR.No.BP. BC.63/21.04.048/2019-20 dated 17 April 2020 on Covid-19 Regulatory Package- Asset Classification and Provisioning:

Year ended 31st March, 2021

(₹ in Lakh)

Respective amounts in SMA/overdue categories where the moratorium/ deferment was extended.	41561.65
Respective amount where asset classification benefits is extended	NIL
Provisions made on the cases where asset classification benefit is extended	-
Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	NA



#### Year ended 31st March 2020

(₹ in Lakh)

Respective amounts in SMA/overdue categories where the moratorium/ deferment was extended.	22903.00
Respective amount where asset classification benefits is extended	329.00
Provisions made on the cases where asset classification benefit is extended	16.00
Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	NA

#### T) Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006

	Particulars	31 March, 2021	31 March, 2020
a)	Dues remaining unpaid to any supplier -Principal -Interest on the above		-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year - Principal paid beyond the appointed date - Interest paid in terms of Sec 16 of the Act		
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	_
	Total	_	_

# Note 42: Expected Credit Loss Policy of the Corporation

The measurement of impairment losses on loan assets as per Ind As 109 : Financial Instruments require judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk. The Corporation's Expected Credit Loss (ECL) calculation is the output of a model with a number of underlying assumptions including segmentation of loan and advances, selection of time horizon, data, forwardlooking economic scenarios based on past experiences, etc. The Corporation's customer segments, loan products and operational areas have not changed significantly over the years. This is to mention that the Corporation operates in North East India which enjoys



significant Government support to the local entrepreneurs in the form of subsidy among others. Although North East India (NER) region is not untouched due to COVID-19 pandemic, it is imperative to mention that local calamities and geopolitical disturbances impacts the region more than anything else. The final impact of the pandemic is inherently uncertain. The Corporation has generated stable internal data based on past pattern. The Corporation has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Corporation. The historical credit loss experience reflects impacts of economic downturn specific to NER and any support measures provided by Government.

It has been the Corporation's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

#### Inputs considered in the ECL Model

#### (I) Exposure at Default (EAD)

Exposure at Default (EAD) represents the gross carrying amount of the assets i.e the outstanding of the Corporation.

#### (II) Probability of Default (PD)

Probability of Default is applied on Stage 1 and 2 on the portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 7 years monthly movements of default rates.

#### (III) Loss Given Default (LGD)

LGD is an estimate of the loss from a portfolio given that a default occurs. LGD component of ECL is independent of deterioration of asset quality and thus applied uniformly across various stages.

Of the various methodologies used to estimate LGD, the Corporation has adopted Workout LGD method to calculate Loss Given Default based on the Corporation's own loss and recovery experience. On a more conservative basis, the Corporation has applied LGD of 40%.

In assessing the impairment of loan and advances under the ECL model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The Corporation categorises loan assets into stages primarily on Days Past Due status.

Stage 1 : 0-30 DPD Stage 2 : 31-90 DPD Stage 3 : More than 90 DPD.



### Note 43: Disclosure as required under RBI notification no. RBI Circular No. RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards

						(< in Lakn)
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as per IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Asse	ets					
Standard	Stage 1	87,903.79	150.40	87,753.39	351.62	(201.21)
	Stage 2	15,112.09	578.24	14,533.86	2,133.00	(1,554.77)
Subtotal for standard		103,015.88	728.64	102,287.25	2,484.62	(1,755.98)
Non-Performing	g Assets (NPA)					
Substandard	Stage 3	222.63	89.05	133.58	55.66	33.39
Doubtful- up to 1 year	Stage 3	1,349.60	539.84	809.76	687.57	(147.73)
1 to 3 years	Stage 3	4,539.07	1,815.63	2,723.44	2,467.68	(652.05)
More than 3 years	Stage 3	-	-	-	-	
Subtotal for doubtful		5,888.67	2,355.47	3,533.20	3,155.25	(799.78)
Loss	Stage 3	1,322.73	529.09	793.64	1,322.73	(793.64)
Subtotal for NPA		7,434.03	2,973.61	4,460.42	4,533.63	(1,560.02)



Other items such as guarantees, loan commitments, etc. which are in the						
scope of Ind AS 109 but not	Stage 1	-	-	-	-	-
covered under	Stage 2	-	-	-	-	-
current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	_	_	_	_	_
Subtotal		-	-	-	-	_
	Stage 1	87,903.79	150.40	87,753.39	351.62	(201.21)
Total	Stage 2	15,112.09	578.24	14,533.86	2,133.00	(1,554.77)
	Stage 3	7,434.03	2,973.61	4,460.42	4,533.63	(1,560.02)

Since the total impairment allowances under Ind AS 109 is lower than the total provisioning required under IRACP (including standard asset provisioning) as at 31 march 2021, an amount of ₹ 3316.00 lakhs has been transferred to Impairment Reserve. The balance in the Impairment Reserve shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of supervision, RBI.

# Note 44: Risk Management Framework of the Corporation

Whilst risk is inherent in the Corporation's activities, it is managed through a risk management framework, including ongoing identification, measurement and

monitoring subject to risk limits and other controls. In the course of its business, the Corporation is exposed to certain financial risks namely credit risk, liquidity risk and market risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Corporation's risk management is carried out by its Risk Management Committee of the Board (RMCB), sub-committee of the Board, as per such policies approved by the Board of Directors. On the advice of the RMCB, the Corporation has constituted an Internal Risk Management Committee (IRMC), under the chairmanship of the Executive



Director (ED). The Board has approved the Risk Management Policy of the Corporation to oversee the overall risk of the Corporation. The Corporation has also put in place Board approved policies, such as Loan Policy and other related policies to oversee the credit risk; Operation Risk Management (ORM) Policy to oversee the various operational risk and Asset Liability Management (ALM) Policy to oversee the various market and liquidity of the Corporation.

The Risk Management Department, headed by the Executive Director (ED), along with the concerned departments has been looking after various risks of the Corporation under the supervision of the Chairman and Managing Director (CMD).

#### **Credit Risk**

Credit Risk refers to the risk that a counterparty may default on its contractual obligations leading to financial loss to the Company. The Corporation's credit decisions are guided by its Loan Policy, Operational Manuals for Credit Appraisal & Management and many other credit related policies approved by the Board. Based on various RBI guidelines, the Corporation takes adequate steps to mitigate the risks arising from its business decisions, such as detailed appraisal of the proposals before sanctioning of loans; adequate security coverage/collaterals against the loans, except to small entrepreneurs who are covered under CGTMSE; exposure limits to Industry sectors, Individual Borrower as well as Group Borrower as per RBI Guidelines and Exposure Norms Policy of the Corporation approved by the Board; regular site visits and review of loan portfolio; monitoring of defaulting units and Potential NPAs; Credit Rating Assessment (CRA) System for all PFD loans and MSE loans with loan size above ₹ 50 lakh; Income Recognition and Asset classification as per RBI Prudential Norms and adequate provisioning for NPAs, etc. In addition, the Corporation has also set up a separate cell called Stress Asset Management Cell (SAMC) to closely monitor and recover from stressed assets accounts of the Corporation.

### **Market Risk**

The risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return. The Corporation is also exposed to change in interest rates to a certain extent. Lowering of interest rate in the market resulted in fall in interest yield from investment as well as business generation and income from thereon.

Asset Liability Management Committee (ALCO), headed by CMD looks into various aspects of market risk (primarily interest rate and liquidity risk). The Corporation has put in place an Asset Liability Management (ALM) Policy to oversee the market risk.

The Corporation has also put in place an Investment Policy for deployment of its surplus funds. It may be mentioned that the level of treasury operation is limited and is presently limited to FDs/ Liquid funds of Mutual funds. Although the Corporation is exposed to price risk on such investments, which arises



on account of movement in interest rates, liquidity and credit quality of underlying securities, it carries minimal volatility and ensures adequate liquidity. Hence temporary market volatility, if any (such as those due to pandemics/ epidemics such as COVID) is not considered to have material impact on the carrying value of these Investments.

#### **Liquidity Risk**

The Corporation's principal sources of liquidity are 'cash and cash equivalents, investments in money market instruments' and cash flows that are generated from operations. Liquidity risk in the Corporation may primarily arise from its inability to fulfill the committed liabilities (disbursement) and repayment of debt (loans).

Liquidity Risk is managed by the Asset Liability Management Committee (ALCO) of the Corporation on periodical basis. Cash flow analysis of the Corporation is being done periodically to analyze the liquidity condition whereas daily fund balance position as well as disbursement requirement is also monitored and the surplus fund are deployed in the form of investment in FDs/ Liquid scheme of Mutual fund which are redeemable at one-day notice. Presently around ₹ 470 Cr. of surplus fund has been invested in various FDs/liquid schemes of various mutual funds.

It is to be mentioned that the Corporation has been receiving the interest free loan from the Government of India since FY 2002-03 through the Ministry of DoNER (MDoNER), which are repayable after 15 years in bullet repayment. So far the Corporation has received interest free loan amounting to  $\gtrless$  814.11 cr., out of which  $\end{Bmatrix}$  45 cr. was given for creation of Venture

Capital Fund. First instalment of repayment of loan from MDoNER became due in FY17-18. So far, the Corporation has repaid four instalments amounting to ₹ 77.63 cr. on time and the 5th instalment of ₹ 31.48 cr. will become due in the current financial year. The Corporation has also availed refinance from various institutions/agencies like SIDBI, NBCFDC, NSFDC and NSTFDC. So far, the Corporation has taken refinance of ₹ 120.98 cr. from these institutions and entire amount has already been fully repaid with no default in repayment of any of the aforesaid loan and interest thereof. Further, NABARD and MUDRA has approached NEDFi to associate with them for refinancing and other activities based on its performance in the region. Considering the above, the Corporation believes that its cash flow is sufficient to meet the financial liabilities within maturity period.

#### **Operational Risk**

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. The Corporation has adopted the Operational Risk Management Policy to manage operational risks to an acceptable level across all areas of its operations. The Corporation manages operational risks through comprehensive internal control systems and detailed procedures laid down in the various stages of its lending business. Operational Manual for Project Financing (for PFD/ MSE departments) and Operational Manual for Microfinance Department have already been implemented whereas for the other core departments like A&C, F&A, Legal, etc., the same is being prepared.

Presently, the Risk Management Department



along with other departments are reviewing the operational risks. Further, the Internal Auditor of the Corporation during its Quarterly Audit including Branch Audit also reviews various operational aspects/ risks. Till FY21, the internal audit function was outsourced to some reputed Chartered Accountants firm. The Corporation during the year under review has set up a separate Department, Internal Audit Department for monitoring and controlling of financial transactions, credit operation, NPAs, policy compliance, operational risk, etc. After the creation of inhouse Internal Audit team, the Corporation is also implementing the concurrent audit from the current financial year.

Moreover, the Corporation has initiated the exercise of Risk Control & Self-Assessment

(RCSA) for each department at Head Office. Suitable training programmes on the Operational Risk Management is being looked into for the officers of the Risk Management and other core departments.

The Corporation during the year under review has put in place a robust Disaster Recovery (DR) and Business Continuity Plan (BCP) to ensure continuity of operations including services to customers, if any eventuality happens such as natural disasters, technological outage, etc. Robust periodic testing will be carried out, and results will be analysed to address gaps in the framework, if any. DR and BCP audits will be conducted on a periodical basis to provide assurance regarding the effectiveness of the Corporation's readiness.

Note 45: Disclosure as p	per Para 53 of Ind As 116: Leases
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Particulars	As at 31/03/2021	As at 31/03/2020
i) Depreciation charge for ROU assets for Leasehold premises(presented under Note 28 : " Depreciation , amortization and impairment"	39.06	-
ii) Interest expense on lease liabilities (presented under Note 26 Finance Cost)	11.45	_
iii) Expense relating to short-term leases(included in Note 30 Other Expenses)	1.44	47.02
iv) Payments for principal portion of lease liability	47.22	-
v) Additions to ROU assets during the year	74.03	-
vi) Carrying amount of ROU assets at the end of reporting period by class of underlying assets( Refer Note 9C)	165.52	_
vii) Lease liabilities ( Refer Note 13 )	174.70	-

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, Ind AS 116 – Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to COVID-19-Related Rent Concessions. Corporation has not received/given any such concessions.



Note 46: Disclosure as required under Guidelines on Resolution Framework for COVID-19related Stress issued by RBI vide notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/ 2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2021 dated 6th August 2020

#### (i) For year ended 31 March 2021

Type of borrower	(A) No. of accounts where resolution plan has been implemented under the window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSME	-	-	-	-	-
Others	_	_	_	_	-
Total					

#### (ii) For year ended 31 March 2021

No. of accounts restructured	Amount(₹In lakh)
122	9927.58



TO THE MEMBERS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED

# REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

#### **OPINION**

We have audited the accompanying Consolidated Ind AS financial statements OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED ("herein referred to as "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group"), which comprises the consolidated Balance Sheet as at 31 March 2021 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements. summarv of sianificant including a accounting policies and other explanatory information (herein after referred to as the "Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March 2021, and the consolidated Profit and total comprehensive income, changes in equity and its consolidated cash flows for the year ended on that date.

### **BASIS FOR OPINION**

We conducted our audit in accordance with the Standards on Auditina (SAs) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 Consolidated Ind AS financial statements under the provisions of the Act and the Rules 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.

### RESPONSIBILITY OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, changes in equity and



consolidated cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act: for safeauardina of the assets of the Group; preventing and detecting the 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 control, 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the consolidated Ind AS financial statements by Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those Board of Directors of the companies included in the Group are also responsible for overseeing the company's financial reporting process of the Group.

### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED IND AS 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatementof the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for



one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- » Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient & appropriate audit regardina evidence the financial information of the entities or business activities within the Group entity to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the Independent Auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and



to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **OTHER MATTERS**

We did not audit the financial statements / financial information of two subsidiaries whose financial statements / financial information reflect total assets of ₹ 644.91 lakh as at 31 March. 2021, total revenues of ₹ 209.6 lakh and net cash flows amounting to ₹ 208.01 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/financial information shall be audited by other auditors, the report of which is yet to be furnished to us by the Management. We were provided with unaudited financial statements furnished by the management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the Management.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- The Comptroller and Auditor General of India has issued the directions and sub directions indicating the areas to be examined in term of sub-section 5 of Section 143 of the Act, the compliance of which is set out in Annexure "A".
- 2. » 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 Statements;

b) In our opinion proper books of account of the aforesaid Consolidated Ind AS Financial Statements as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The consolidated Ind AS financial statements dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules;

e) On the basis of written representations received from the directors of the Holding Company as on 31st March 2021 taken in record by the Board of Directors of the Holding Company and Management Representations for the subsidiary companies, none of the directors of the group is disqualified as on 31 March, 2021, from being appointed as a director in terms of Section 164(2) of the Act;

# INDEPENDENT AUDITORS' REPORT



 f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure "B";

g) With respect to other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. The Group has disclosed the impact of all pending litigations on its consolidated Ind AS financial position in its financial statements. Refer Note 33 to the financial statements.

ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There were no amounts which required to be transferred by the Holding Company and its Subsidiary companies to the Investor Education and Protection Fund.

> For, M/s H.K.Agrawala and Associates Chartered accountants FRN 319293E

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**CA. Himanshu Chowkhani** Partner Membership No. 301901 UDIN: 21301901AAAAPC1820

Place: Guwahati Dated: 10.09.2021



# ANNEXURE – A TO INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

(Referred to in Para I under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of North Eastern Development Finance Corporation Ltd on the consolidated Ind AS financial statements for the year ended 31st March, 2021) As required under Section 143(5) of the Companies Act 2013, with respect to the directions and sub-directions issued by The Comptroller & Auditor General of India, we report that:

SI.No.	Questionnaire	Replies
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.	Company has a system in place to process all the accounting transactions through IT system. During FY 2020-21, all the accounting transactions have been processed through IT system. Since system of processing all financial transactions is in place, all transactions are done mandatorily through system only, as such question of processing of transactions outside IT system on the integrity of the accounts doesn't arise. However, application for implementation of IND-AS is yet to be configured in the system and adjustments relating to the same is being calculated outside the IT 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.	During the year under consideration, there is no case of restructuring of any existing loan or case of waiver / write off of debts / loans / interest etc. by a lender to the Company.
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.	As informed the Company had received funds for Mission Organic Value Chain Development for North Eastern Region (MOVCDNER). The funds have been utilized as per scheme.

### For, M/s H.K.Agrawala and Associates

Chartered accountants FRN 319293E

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CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPC1820

Place: Guwahati Dated: 10.09.2021

# **ANNEXURE – B** TO THE INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report on the Internal Financial Controls under clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of North Eastern Development Finance Corporation Limited ("herein referred to as "Holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group") as of and for the year ended 31 March, 2021, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

The Respective Board of Directors of the Holding Company and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (The "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial control, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 IFCoFR.



## **ANNEXURE – B** TO THE INDEPENDENT AUDITOR'S REPORT

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### **OPINION**

In our opinion the Holding Company and its subsidiary companies in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

> For, M/s H.K.Agrawala and Associates Chartered Accountants FRN 319293E

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CA. Himanshu Chowkhani Partner Membership No. 301901 UDIN: 21301901AAAAPC1820

Place: Guwahati Dated: 10.09.2021

# CAG COMMENTS



### 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 2021

The preparation of consolidated financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March 2021 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 auditors 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 Audit Report dated 10th September 2021.

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 2021 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 Corporation Limited, but did not conduct supplementary audit of the financial statements of NEDFI Venture Capital and NEDFI Trustee 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

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

(Pravir Pandey) DIRECTOR GENERAL OF AUDIT Home, Education & Skill Development

Place: New Delhi Dated: 27/10/2021



# **CONSOLIDATED BALANCE SHEET** as at March 31, 2021



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Particulars	Notes	As at 31st March, 2021	(< IN LOKN) As at 31st March, 2020
ASSETS			
(1) Financial Assets			
(a) Cash & Cash Equivalents	2	14,648.33	12,391.33
(b) Bank Balance other than (a) above	3	7,355.52	564.29
(c) Receivables			
- Trade receivables	4	249.21	363.27
(d) Loans	5	1,07,334.80	99,533.96
(e) Investments	6	44,238.15	39,284.05
(f) Other Financial Assets	7	10,183.06	14,389.68
		1,84,009.07	1,66,526.58
(2) Non Financial Assets			
(a) Current Tax Assets (Net)	8	-	900.61
(b) Property Plant & Equipment	9	2,818.53	2,778.82
(c) Capital Work-in-progress	9	0.87	0.72
(d) Intangible Assets	9	171.01	239.42
(e) Other Non Financial Assets	10	285.14	1,745.47
		3,275.56	5,665.03
Total Assets		1,87,284.63	1,72,191.61
LIABILITIES AND EQUITY Liabilities (1) Financial Liabilities			
(a) Payables	11	357.89	224.14
(b) Borrowings (Other than Debt Securities)	12	48,408.97	46,693.05
(c) Other Financial Liabilities	13	36,818.53	36,718.97
		85,585.40	83,636.16
(2) Non Financial Liabilities			
(a) Current Tax Liabilities (Net)	14	41.43	-
(b) Provisions	15	1,574.10	1,436.60
(c) Deferred Tax Liabilities (Net)	16	842.34	885.19
		2,457.87	2,321.79
(3) Equities			
(a) Equity Share Capital	17	10,000.00	10,000.00
(b) Other Equity	18	89,237.68	76,230.31
Non Controlling Interest		3.80	3.47
		99,241.47	86,233.78
Total Liabilities and Equity		1,87,284.63	1,72,191.61
The accompanying notes form an integral part of	1-46		
the financial statements			

As per our Report of even date

### For H.K. Agrawala and Associates

Chartered Accountants Firm Regn No. 319293E

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**CA Himanshu Chowkhani** Partner (M. No. 301901) UDIN: 21301901AAAAPC1820 Place : Guwahati Date : 10.09.2021

For and on behalf of the Board of Directors

(PVSLN Murty) Chairman and Managing Director DIN : 07355708

(S. K. Baruah) **Chief Financial Officer** 

(V. K. Agarwal) Company Secretary

# **CONSOLIDATED STATEMENT** OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021



				(₹ in Lakh)
Partic	ulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Reven	nue from operations			
(i)	Interest Income	19	11,114.03	9,485.12
(ii)	Dividend Income	20	51.75	15.49
(iii)	Rental Income	21	435.71	443.66
(iv)	Fees and Commission Income	22	9.81	303.92
(v)	Net gain/(loss) on Fair value changes	23	2,051.35	2,318.69
(vi)	Other Operating Income	24	3,596.95	3,323.38
I.	Total Revenue from Operations		17,259.60	15,890.26
П	Other Income	25	1,433.73	232.68
ш	Total Income (I + II)		18,693.33	16,122.94
EXPEN	ISES			
(i)	Finance Costs	26	2,959.98	2,742.73
(ii)	Impairment on financial instruments	27	2,547.33	2,964.90
(iii)	Employee Benefit Expenses	28	3,251.53	3,055.11
(iv)	Depreciation, amortisation and impairment	29	301.46	282.56
(v)	Other Expenses	30	1,235.75	1,337.68
IV	Total Expenses		10,296.06	10,382.87
v	Profit / (Loss) before exceptional items and tax (III-IV)		8,397.27	5,740.07
VI	Exceptional Items		-	-
VII	Profit / (Loss) before Tax (V+VI)		8,397.27	5,740.07
VIII	Tax Expense			
	Current Tax		1,710.50	1,637.19
	Deferred Tax		(42.85)	559.56
	Tax adjustment of earlier years		(294.44)	-
			1,373.21	2,196.75
IX	Profit / (Loss) for the period (VII-VIII)		7,024.06	3,543.32
x	Other Comprehensive Income			
(A)	(i) Items that will not be reclassified to profit or loss			
(**)	<ul> <li>Remeasurement gain/(loss) on defined benefits plans</li> </ul>		(58.25)	_
	<ul> <li>Net gain/(loss) on equity instruments through OCI</li> </ul>		41.40	_
	(ii) Tax impact thereon		(4.24)	_
	Subtotal (A)		(21.09)	
(B)	(i) Items that will be reclassified to profit or loss		(21.00)	
	(ii) Tax impact thereon Subtotal (B)			-
	Other Comprehensive Income (A + B)		(21.09)	-
	Non Controlling Interest Profit/Loss		0.33	1.58
XI	Total Comprehensive Income for the period		7,002.64	3,541.74



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Earning per equity share of face value of ₹ 10 each	31		
Basic (₹)		7.00	3.54
Diluted (₹)		7.00	3.54
The accompanying notes form an integral part of the financial	1-46		
statements			

As per our Report of even date

### For H.K. Agrawala and Associates Chartered Accountants Firm Regn No. 319293E

### For and on behalf of the Board of Directors

(PVSLN Murty) Chairman and Managing Director DIN : 07355708

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**(S. K. Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary

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CA Himanshu Chowkhani Partner (M. No. 301901) UDIN: 21301901AAAAPC1820 Place : Guwahati Date : 10.09.2021

# **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

										(₹ in Lakh)
A. Equity share capital: Equity shares of ¢ 10 each issued, subscribed and fully paid	ed, subscrib	ed and fully paic	-						No. of	Amount₹
									Shares	
As at April 01, 2019								•	1,000	10,000.00
Changes in Equity share capital	_								I	I
As at March 31, 2020									1,000	10,000.00
As at April 01, 2020									1,000	10,000.00
Changes in Equity share capital	_								I	ı
As at March 31, 2021									1,000	10,000.00
B. Other Equity:										
				Reserve a	Reserve and Surplus					
Particulars	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	Total Other Equity
As at April 01, 2019	611.10	13,167.91	10,601.07	1,236.91	42,734.97	161.18	3,920.19	26.10	1,290.16	73,749.58
Profit/ (Loss) for the year	I	I	I	I	I	I	I	I	3,541.62	3,541.62
Transfer to / from Retained	1.77	707.77	632.21	23.39	(23.39)	(6.16)	(66.08)	(26.10)	(1,339.98)	(96.57)
Earnings	1.77	707.77	632.21	23.39	(23.39)	(6.16)	(66.08)	(26.10)	2,201.64	3,445.06
Dividend	I	I	I	ı	ı	ı	I	I	(800.00)	(800.00)
Tax on Dividend	I	I	ı	I	I	I	I	I	(164.44)	(164.44)
As at March 31. 2020	612.86	13.875.68	11.233.28	1.260.30	42.711.58	155.02	3.854.11		2.527.36	76.230.19
		·		Reserve d	Reserve and Surplus					
		Charles the set	have been a surger of the surger	5		- dia				
Particulars	North East Equity Fund	Re	special reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961	Venture Capital Fund	General Reserve	Exposition Mart Stalls	Techno Economic Development Fund	Impairment Reserve	Retained Earnings	Total Other Equity
As at April 01, 2020	612.86	13,875.68	11,233.28	1,260.30	42,711.58	155.02	3,854.11	1	2,527.47	76,230.31
Profit/ (Loss) for the year Other Comprehensive	I					I	I	I	7,023.73 (21.09)	7,023.73 (21.09)
Income/(Loss)									Ì	
Transfer to / from Retained	0.25	1,399.38	1,049.81	22.64	(22.64)	(14.10)	159.94	3,315.75	893.69	6,804.73
Earnings					()	(				
Dividend	0.25	1,399.38	1,049.81	22.64	(22.64)	(14.10) -	159.94	3,315.75	7,896.33 (800.00)	13,807.37 (RNN NN)
Tax on Dividend	I					I	I		1	1
As at March 31, 2021	613.11	15,275.06	12,283.09	1,282.94	42,688.94	140.92	4,014.05	3,315.75	9,623.81	89,237.68
As per our Report of even date	n date						For and	For and on behalf of the Board of Directors	the Board o	of Directors
		ternand	- more				Jueant	S		
For H.K. Agrawala and Associates Chartered Accountants Firm Regn No. 319293E	ates	<b>CA Himanshu Cf</b> Partner (M. No. 301901) UDIN: 21301901AA Place : Guwahati Date : 10,09.2021	<b>AAPC1820</b>	Koru <sup>cc</sup> (s. K. Baruah) Chief Financial Officer	Officer	Chairm	<b>FovsLN Murty)</b> Chairman and Managing Director DIN : 07355708		(V. K. Agarwal) Company Secretary	val) iecretary



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

	For the year ended	For the year ended
	31st March, 2021	31st March, 2020
Cash flows from Operating activities		-
Net profit before income tax	8,397.27	5,739.95
Adjustment for:		
Depreciation charge for the year	301.46	282.56
Loans Provisions & Write offs	2,547.33	2,964.90
Fixed Assets written off/Loss on sale	(0.17)	0.11
Profit / Loss on sale of Investments	(2,051.35)	(2,318.69)
Dividend received	(51.75)	(15.49)
Provision for Gratuity, Leave Encashment and LTC / LTA	207.60	187.72
Operating profit before working capital changes	9,350.39	6,841.07
Adjustments for:		
(Increase) / Decrease in Advances (Financial Assets)	(10,348.17)	(1,478.55)
(Increase) / Decrease in Other Financial Assets	720.70	(6,594.07)
(Increase) / Decrease in Non Financial Assets	944.87	(2,208.79)
Increase / (Decrease) in Other Financial Liabilities	(763.71)	(7,455.31)
Cash Flow from operations	(95.92)	(10,895.65)
Direct Taxes paid (net of refund received)	944.87	(2,218.82)
Net cash flow / (used in) from operating activities	848.95	(13,114.47)
Cash flows from Investing activities		
(Increase) / Decrease in Investment in Subsidiaries	(5,477.49)	(503.00)
(Increase) / Decrease in Investment in Mutual Funds	523.39	(1,798.22)
(Increase)/Decrease in Capital Work in Progress	(0.15)	-
Purchase of fixed assets (net of sales)	(156.16)	(36.05)
Dividend Received	51.75	15.49
Profit / Loss on sale of Investments	2,051.35	2,318.69
Net cash flow / (used in) from Investing activities	(3,007.30)	(3.09)
Cash flows from Financing activities		
Dividend and Dividend Tax paid	(800.00)	(964.44)
Increase / (Decrease) in Borrowings (Financial Liabilities)	1,715.92	2,206.20
Increase / (Decrease) in Capital Reserves / Other Equity Funds	3,475.95	(90.41)
Increase / (Decrease) in Non-Financial Liabilities	23.49	169.25
Net cash flow / (used in) from financing activities	4,415.36	1,320.60
Net increase in cash and cash equivalents from		
Operating, Investing and Financing Activities	2,257.00	(11,796.96)

# **CONSOLIDATED STATEMENT** OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021



### NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED : GUWAHATI

Cash and cash equivalents at beginning of period		
- Own funds	12,296.73	23,353.22
- Nodal Agency and Implementing Agency funds	94.60	835.06
Cash and cash equivalents at end of period		
- Own funds	14,128.01	12,296.73
- Nodal Agency and Implementing Agency funds	520.32	94.60

**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:

Cash and bank balances		
Cash in hand	1.33	1.34
Balance at Bank		
-With Scheduled Bank		
(i) In Current Account	14,126.68	12,295.39
(ii) In Fixed Deposits		
Balance (TEDF)		
(a) With Scheduled Bank		
(i) In Current Account	520.32	94.60
(ii) In Fixed Deposits	-	
Grand Total	14,648.33	12,391.33

**For H.K. Agrawala and Associates** Chartered Accountants Firm Regn No. 319293E

For and on behalf of the Board of Directors moon

**(PVSLN Murty)** Chairman and Managing Director DIN : 07355708

**(S. K. Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary

Conand

CA Himanshu Chowkhani Partner (M. No. 301901) UDIN: 21301901AAAAPC1820 Place : Guwahati Date : 10.09.2021



**NOTE 1:** SIGNIFICANT ACCOUNTING POLICIES RELATING TO CONSOLIDATED FINANCIAL STATEMENTS

### **Company Information**

North Eastern Development Finance Corporation Limited ("NEDFi" of the "Company") was incorporated in the year 1995. The Company is domiciled in India and is limited by shares, having its registered office at NEDFi House, G.S.Road, Guwahati-781006, Assam.

The Company is a Public Limited Company engaged in extending financial assistance in the form of term loans and implementing agency for various government initiatives and schemes, and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as a Loan Company.

These consolidated financial statements comprise the financial statements of the company and its subsidiaries (referred to collectively as"the Group"). The Group is primarily engaged in extending financial assistance in the north eastern region and implementing agency for various government initiatives and schemes. Other businesses include extending financial assistance under venture capital fund of the Company.

# The Consolidated financial statements represents consolidation of accounts of the Company and its subsidiaries detailed below

SI	Name of Company	Country of	Proportion of interest		Status of Audit
No.		incorporation	31.03.2021	31.03.2020	as on 31.03.2021
1.	NEDFi Venture Capital Limited	India	98.8%	98.8%	Unaudited*
2.	NEDFi Trustee Limited	India	98.8%	98.8%	Unaudited*

\* Audit under progress as on date of signing of this report.

### 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 accounting policies are consistently followed by the Corporation and changes in accounting policy are separately disclosed.

### Historical Cost Convention

The financial statements are prepared on the historical cost convention and on the accrual basis of accounting, except for certain financial instruments which are measured at fair values as required by relevant Ind AS. The financial statements 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 recognised prospectively in the current and future period.

### Presentation of Financial Statement

The financial statements of the Corporation are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, unless otherwise indicated.

### **B. Basis of Consolidation**

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

- 1. » Audited financial statements of North Eastern Development Finance Corporation Ltd. (Parent).
- 2. » 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 balances/transactions, group intra profit/loss, and making unrealized adjustments necessary 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 accountina principles which reauires 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

# Following are the areas that involved a higher degree of estimates and judgements or complexity:

a) Effective Interest Rate (EIR) Method.

b) Impairment of Financial Assets- Expected Credit Loss Model.

- c) Provisions and other contingent liabilities.
- d) Defined Benefit Plans.
- e) Provisions for Income Tax and Deferred Tax Assets.
- f) Fair Value Measurements.
- g) Sole Payments of Principal & Interest Test (SPPI Test).

### Impact of COVID-19

The COVID-19 pandemic has significantly affected various sectors of Indian economy including that of North East Region of India. The pandemic necessitated government to respond at unprecedented levels to protect health, local economies and livelihoods.



Both the first and second wave have severely impacted the overall economic growth outlook of India and increased uncertainty of the economic revival. Also there remains risk of subsequent waves of infections in India. Although North East Region of India has also been impacted due to COVID-19 pandemic the region has not been as hard hit as the rest of the country. This may be largely due to fact that North East Region has less population density than rest of India and curbs related to pandemic, have largely been successful. The businesses in the North East India have more or largely withstood the impact of pre-pandemic economic setbacks such as demonstrations, agitations, insurgency, floods, earthquakes etc. The COVID-19 pandemic was also immediately preceded by month long demonstrations and agitations mainly in the state of Assam.

As a result of Government and bank support measures, significant credit deterioration has not yet occurred. The Corporation operates only in the North Eastern part of India, a region which faces issues which are largely localized such as insurgency and natural calamities. Economic effects of the pandemic may or may not impact the estimates and judgments stated above. The Corporation has not yet been able to fully assess the impact of the pandemic and will continue to monitor the recoverability of loans and any material changes due to future economic conditions.

### 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.

In accordance with Ind AS 116- Leases, w.e.f 1st April 2019, the Right-of-use assets are initially recognized at cost which comprises of lease liability recognized at inception for lease payments made at commencement date of lease. These are subsequently measured at cost less accumulated depreciation. Right-of -use assets are depreciated on a straight line basis over the shorter of the lease term and useful life of the underlying asset (premature termination of lease).

### **Collateral repossessed**

In the normal course of business, the assets/properties Corporation repossess in its loan portfolio both symbolically or otherwise and also engages recovery agents to repossess and recover funds, generally by selling at auction, to settle outstanding amount. The Corporation's interest lies only in recovery of loan and does not recognize any future economic benefits accruing from such assets as stated in Ind AS 16 : Property, Plant and Equipment. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/properties under legal repossession processes are not separately recorded on the balance sheet.

### E. Capital Work in Progress

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

### F. 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 ₹ 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. Depreciation methods, useful life and residual values are reviewed in each financial year and changes if any, are accounted for prospectively.

### G. 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 Corporation 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.

### H. Leases

### Where NEDFi is a lessee

The Corporation's lease asset classes primarily consist of leases for office spaces. The Corporation assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether,

a) The contract involves the use of an identified asset.

b) The corporation has substantially all of the economic benefits from use of the asset through the period of the lease and,

c) The corporation has the right to direct the use of the asset.

At the date of commencement of the lease, the Corporation recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is lessee, except for leases with a term of 12 months or less and low value leases. For these short term leases, the Corporation recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

### **Measurement of lease liability**

At the time of initial recognition, NEDFi measures lease liability as PV of all lease payments discounted using Corporation's incremental borrowing rate assumed @ 8% i.e. the rate charged to borrowers from micro, small and medium sector. Subsequently the lease liability is,

- a) Increased by interest on lease liability;
- b) Reduced by lease payments made; and

c) Remeasured to reflect any reassessment or lease modification.





### Measurement of rights-of-use assets

At the time of initial recognition, NEDFi measures, ROU as PV of all lease payments. Subsequently ROU assets is measured using Cost less depreciation as per specified in Ind AS 116 "Leases".

Exception on ROU assets for low value assets and short term leases has been adopted by the Corporation.

### Where NEDFi is a lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of the ownership of assets are classified as operating leases. Lease income of operating asset is recognised in the Statement of Profit and loss.

### I. Government Grants

In terms of Ind AS 20 issued by the ICAI, Government grants are recognised as and when it is actually received. Revenue grants are recognised 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.

# J. Classification and Measurement of Financial Assets

On initial recognition, a financial asset is classified as measured at follows:

### **Amortized cost**

The Corporation's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Corporation measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

### FVOCI - debt instruments

The Corporation measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

### **FVOCI - equity instruments**

The Corporation subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Corporation decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.



Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Corporation changes its business model for managing financial assets. If the Corporation decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL (E.g. investment in units of mutual funds).

# Subsequent measurement of financial assets

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, and impairment provisions are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss. Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognized in Statement of profit and loss. Net gains or losses on fair valuation are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss. For equity investments, the Corporation makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

### K. Determination of Fair Value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurements. the Corporation measures certain categories of financial instruments at fair value on each balance sheet date. The Corporation has established procedures with respect to the measurement of fair values. The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Ind AS 113 : Fair Value Measurement does not prescribe hierarchy for valuation techniques. However, Fair Values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.



- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### L. Impairment of Financial Assets

The Corporation recognises lifetime Expected Credit Losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and information specific relevant to North East Region of India.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. No loss allowance is recognised for loans measured at FVTPL.

The Trade Receivables of the Corporation comprises of Consultancy & Advisory Charges receivables mainly from Government departments/agencies and rent receivables from operating leases. The Corporation has not recognised any loss allowance on these financial assets since the Corporation has no past experience of any impairment on these receivables.

# M. Derecognition of Financial Assets

### A financial asset is derecognised only when,

The Corporation has transferred the rights to receive cash flows from the financial asset, or the contractual rights to the cash flows from the financial assets expires.

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 Corporation has transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised.



Where the Corporation 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 Corporation has not retained control of the financial asset.

### **N. Financial Liabilities**

### Initial recognition and measurement

The Corporation 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.

### 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.

### **Derecognition of financial liabilities**

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

### **O. 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 shortterm highly liquid investments/deposits with an original maturity of three months or less.

### P. 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 Corporation 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.

### Q. Revenue Recognition

a) Interest income is recognized in Statement of profit and loss using the effective interest method for loans and advances other than credit-impaired assets.

### Effective Interest Rate (EIR) Method

The 'Effective Interest Rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected



life of the financial instrument and is based on best estimate of a constant rate of return over the expected life of the loans given. The calculation of the effective interest rate considers transaction cost/income (upfront fees) that are an integral part of the contract. Transaction costs/income include incremental costs and income that are directly attributable to the acquisition of financial asset. This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments.

b) Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Corporation on the balance sheet date is recognised as an unrealised gainloss. In cases, If there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gainloss on fair value changes.

c) Interest charged from loans provided to staff at concessional rates have been recognised as per market rate and prepaid employee benefit expenses have been recognized in profit and loss as per amortization basis.

d) Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

e) Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

f) 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.

g) 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 including changes in fair value.

h) Management Fees are accounted on the basis of capital commitments received by funds as defined under the agreements entered into with respective funds.

i) Trusteeship Fees is charged as per contribution agreements executed with all investors.

### **R. Taxation**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and

establishes provisions where appropriate.

Deferred tax assets and liabilities are recognised for taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. In case of taxable temporary difference, Deferred Tax Liability is created and when there is deductible temporary difference, Deferred Tax Asset is created. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

# Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority or capitalized in the case of Property, Plant and Equipment, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority

is included as part of receivables or payables in the balance sheet.

### S. 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 Fundis charged to the Profit and Loss Account as an expense in the year to which it relates. The Corporation 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 recognised in the statement of profit & loss account and are not deferred.

### T. 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 organisation 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.

### **U. 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.

### V. Earnings Per Share

The Corporation 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.

# W. 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 recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

# X. 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 by the company will be distributed to respective contributors along with income received from the funds as per their instruction.

### Y. Distribution and Scheme Expenses

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



		(₹ in Lakh
Note 2 : CASH AND CASH EQUIVALENTS	31st March, 2021	31st March, 2020
Cash in hand	1.33	1.34
Balances with banks in current accounts	14,126.68	12,295.39
Balances with banks in current accounts(TEDF)	520.32	94.60
	14,648.33	12,391.33
Note 3 : BANK BALANCE OTHER THAN (2) above	31st March, 2021	31st March, 2020
Term deposits with maturity less than 12 months		0101111011, 2020
- Free	4,921.92	_
- Under lien	4,921.92	64.29
- Free (TEDF)	2,414.00	500.00
	7,355.52	564.29
Note 4 : Receivables	As at	As at
Trade Receivables (Unsecured, Considered good)		
<ul> <li>Consultancy &amp; Advisory Charges Receivable</li> <li>Rent and Hall Charges Receivable</li> </ul>	204.69 44.52	319.3 43.9
- kent und hun charges kecelvable	44.52	43.9
Less : Impairment Loss Allowance	-	-
	249.21	363.27
Note 5 : LOANS	31st March, 2021	31st March, 2020
A. Loans :		
(i)Term Loans(at amortised cost)	1,09,756.85	1,05,633.70
Less : Impairment Loss Allowance	3,702.25	7,272.1
Sub total Net (i)	1,06,054.60	98,361.5
(ii)Term Loans to staff(at FVTPL)		
Related Party	17.91	25.26
Others	1,262.29	1,147.15
Less : Impairment Loss Allowance	-	-
Sub total Net (ii)	1,280.20	1,172.4
Total (Net)- A ( i+ii)	1,07,334.80	99,533.9
B.		
(i) Secured by tangible assets	1,00,528.29	96,278.7
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government guarantees	-	-
(iv) Unsecured	10,508.76	10,527.3
Total ( Gross)	1,11,037.05	1,06,806.
Less : Impairment Loss Allowance	3,702.25	7,272.1
Total (Net)- B	1,07,334.80	99,533.9
•		
(i) Loans in India	100.00	
(i) Loans in India a) Public Sector	100.00	
(i) Loans in India a) Public Sector b) Others	1,10,937.05	1,06,606.1
(i) Loans in India a) Public Sector b) Others <b>Total ( Gross)</b>	1,10,937.05 <b>1,11,037.05</b>	1,06,606.1 1,06,806.1
<ul> <li>(i) Loans in India</li> <li>a) Public Sector</li> <li>b) Others</li> <li>Total (Gross)</li> <li>Less : Impairment Loss Allowance</li> </ul>	1,10,937.05 1,11,037.05 3,702.25	1,06,606.1 <b>1,06,806.1</b> 7,272.1
(i) Loans in India a) Public Sector b) Others <b>Total ( Gross)</b> Less : Impairment Loss Allowance <b>Total (Net) - C (i)</b>	1,10,937.05 <b>1,11,037.05</b>	1,06,606.1 <b>1,06,806.1</b> 7,272.1
<ul> <li>(i) Loans in India</li> <li>a) Public Sector</li> <li>b) Others</li> <li>Total ( Gross)</li> <li>Less : Impairment Loss Allowance</li> <li>Total (Net) - C (i)</li> <li>(ii) Ioans outside India</li> </ul>	1,10,937.05 1,11,037.05 3,702.25 1,07,334.80	1,06,606.1 <b>1,06,806.1</b> 7,272.1
<ul> <li>(i) Loans in India</li> <li>a) Public Sector</li> <li>b) Others</li> <li>Total (Gross)</li> <li>Less : Impairment Loss Allowance</li> </ul>	1,10,937.05 1,11,037.05 3,702.25 1,07,334.80 -	200.00 1,06,606.11 <b>1,06,806.1</b> 7,272.18 <b>99,533.90</b> - - -

**Note:** There is no loan asset measured at FVOCI. There is no impairment loss allowance in staff loans which are recognised at FVTPL.

### THE YEAR TO RISE. THE YEAR TO REBUILD.

			As at 31st March 2021 Fair Value	rch 2021					As at 31st March 2020 Fair Value	larch 2020		
Note 6 : Investments	Amortised Cost	Through OCI	Through P & L	Sub-Total	Others (At cost)	Total	Amortised Cost	Through OCI	Through P & L	Sub-Total	Others (At cost)	Total
Units of mutual funds			35,360.91	35,360.91		35,360.91					35,884.30	35,884.30
investment in Equity Instruments Quoted		17 F		11 12		1, 1, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0,					· · 00	· · č
Premier Cryogenics umited (Not traded - 2020-21) (200000 shares of fs 10/- each)		CL.1.42		c1.142		21.14Z					20.00	20.00
Unquoted Gauhati Neurological Research Centre Limited Immuned 250,000 chores @ 107, ner chore)	,	89.70	,	89.70	ï	89.70	ı	ï	ı	ï	- 25.00	- 25.00
Konoklota Mahila Urban Co-op Bank Ltd.		20.00		20.00	ı	20.00	ı	ı			5.00	5.00
Ioniquotee 3,000 shares & 100- per shares RGVN (North East) Microfinance Ltd. Unauoted 3,000,000 faulty Shores @ 10/- per share)	ı	1305.66	ı	1,305.66		1,305.66			ı		300.00	300.00
Nightingale Finvest Pvt. Ltd. Unauoted 665,000 EquityShores of 10/- per shore)		129.92		129.92		129.92					50.00	50.00
WU Financial Services Pvt. Ltd. (unquoted 50,000 Equity Shares of 100/ per share)		74.79		74.79		74.79		,	,		50.00	50.00
Grameen Development & Finance Pvt. Ltd. (unquoted 500,000 Equity Shares of 10/ per share)	,	64.27	I	64.27		64.27					50.00	50.00
Investment in Preference Shares Ajagar Finance Private Limited (50000 optionally convertible preference shores of Rs.10/- each)			64.57	64.57		64.57	1				50.00	- 50.00
Grameen Development & Finance Pvt. Ltd. (2000000ptionally convertible preference shares of Rs. 10/- each)	ı		282.80	282.80		282.80					200.00	200.00
Nightingale Finvest Pvt. Ltd. (2000000 optionally convertible preference shares of Rs. 10/- each)			429.82	429.82	·	429.82	ı				200.00	200.00
WU Financial Services Private Limited (1000000 optionally convertible preference shares of Rs. 10/- each)			1645.35	1,645.35	'	1,645.35					100.00	100.00
SATRA Development Pvt Ltd 50000 optionally convertible preference shares of Rs.10/- each)			676.52	676.52		676.52			·		50.00	50.00
Investment in Associates North East Venture Fund					3 857 68	3 857 68					- 7 299 75	2 299 75
(2300 units, Value as on 31.03.2021 Rs 1784.73 lakhs)					00.300/0	00.300/0						
Total - Gross (A)		1,925.49	38,459.98	40,385.47	3,852.68	44,238.15					39,284.05	39,284.05
i) Investments outside India ii)Investments in India		- 1.925.49	- 38.459.98	- 40.385.47	- 3.852.68	- 44.238.15					- 39.284.05	- 39.284.05
Total- Gross (B)	.	1,925.49	38,459.98	40,385.47	3,852.68	44,238.15			.		39,284.05	39,284.05
Less : Allowance for Impairtment Loss ( C )												•
Total - Net D (A- C)	1	1,925.49	38,459.98	40,385.47	3,852.68	44,238.15	'		'		39,284.05	39,284.05

# **NOTES ON CONSOLIDATED FINANCIAL STATEMENT** FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

loss have been recognised.

sheet date is taken to ascertain the market value. Such instruments are usually Level 1 hierarchy of fair value. In respect of unquoted shares / quoted and non-traded/scrips / bonds/preference shares, fair value is ascertained by dividing the net worth with the number of shares as per the latest available

audited Balance Sheet. Such instruments are usually Level 3 hierarchy of fair value ( unobservable inputs). All investments other than mutual fund units are valued using net worth method except in case of investment in subsidiary and associate where the investment is recognised at cost. No impairment





		(₹ in Lakh)
Note 7 : OTHER FINANCIAL ASSETS	As at 31st March, 2021	As at 31st March, 2020
Interest Receivable on Loans & Advances	487.42	120.34
Interest Receivable on Fixed Deposits	360.91	270.40
Interest Receivable on Fixed Deposits (TEDF)	377.99	246.92
Interest Receivable on Staff Housing Loan	321.21	269.84
Advances to Others	48.32	5.30
Advances to Staff	61.27	24.74
Earnest Money Deposit	40.05	40.99
Security Deposits (Unsecured, Considered good)	24.49	21.47
Term deposits with banks (maturity more than 12 months)	I	I
- Free	6,799.80	10,003.48
- Under Lien	119.23	25.50
- Free (TEDF)	1,498.00	3,350.00
Prepaid Employee Benefit Expenses	44.12	I
Other receivables	0.03	10.50
	10,183.06	14,389.68
Note 8 : CURRENT TAX ASSETS(NET)	As at 31st March, 2021	As at 31st March, 2020
Advance Payment of Income tax & TDS	I	2537.79
Less: Provision for Income Tax	I	1637.19
	•	900.61



(₹ in Lakh)

			Gross Block	Block			Depreciatio	Depreciation/ Amortisation	-	Net Block	lock
SI.	Particulars	As on	Addition/ Adjustment during	Deduction/ Adjustment during	As on	Upto	During the	Adjustment during the	Upto	Ason	As on
		01.04.2020	the period	the period	31.03.2021	01.04.2020	period	period	31.03.2021	31.03.2021	31.03.2020
-	<u>Land</u>	I									I
	Freehold Land at Dispur	169.70			169.70	I	I	I	I	169.70	169.70
	Freehold Land at Khanapara	924.00			924.00	I	I	1	1	924.00	924.00
		1									1
7	Buildings	I									ı
	Head Office Building	1,927.77			1,927.77	737.63	103.06	I	840.69	1,087.07	1,190.14
	Office at Agartala	143.67			143.67	26.48	5.71	I	32.19	111.48	61.711
	RCC Bridge	15.78			15.78	15.78	I	I	15.78	ı	I
		1				1	ı				1
ო	<u>Plant &amp; Equipment</u>	I				I	I				1
	Air Conditioning System	447.06			447.06	356.66	17.15	1	373.81	73.25	90.40
	Electrical Installation	264.13			264.13	248.88	1.93	1	250.80	13.32	15.25
	Fire Alarm System	36.73			36.73	30.92	1.13	1	32.05	4.69	5.82
	Lift	79.56			79.56	66.96	2.45	1	69.41	10.15	12.60
	Machineries	90.61	1	I	90.61	74.20	2.49	I	76.70	13.92	16.41
	UPS System	14.90			14.90	14.16	ı	1	14.16	0.75	0.75
	Water Installation System	20.21		4.33	15.88	13.36	0.49	1	13.85	2.03	2.51
	Solar Panels	31.19	1		31.19	15.23	4.03	I	19.25	11.94	15.96
	Computers	275.48	37.66	1.22	311.93	238.20	24.07	1.16	261.11	50.82	37.28
4	<u>Furniture &amp; Fixtures</u>	I	1	I		I	I	I			I
	Furniture & Fixtures (HO)	134.72	2.76	5.08	132.40	111.95	3.70	0.41	115.24	17.16	18.14
	Interior Furnishings & Fittings	1,106.84	35.55		1,142.40	964.52	36.84	I	1,001.36	141.04	151.29
പ	Vehicle	14.62	I		14.62	13.89	I	I	13.89	0.73	0.73
9	<u>Office Equipments</u>	92.89	15.38	1	108.27	82.23	5.07	ı	87.29	20.98	10.66
	Total - A	5,789.88	91.35	10.63	5,870.60	3,011.06	208.10	1.57	3,217.59	2,653.01	2,778.82

											(₹ In Lakh)
			Gro	Gross Block			Depreciation	Depreciation/ Amortisation		Net Block	ock
SI.	Barticulars	۸۹۵n	Addition/	Deduction/	As on	linto	During the	Adjustment	linto	Ason	As on
Я		01.04.2020	Adjust	ment during Adjustment during the	31.03.2021		period	during the	31.03.2021	31.03.2021	31.03.2020
			the period	period				period			
-	Computer Software	342.02	•	'	342.02	102.61	68.40	1	171.01	10:171	239.42
	Total Intangible Assets (B)	342.02	1		342.02	102.61	68.40	1	171.01	171.01	239.42

# Note: 9C - PROPERTY PLANT AND EQUIPMENT- Rights-Of-Use Assets

			Gro	Gross Block			Depreciation	Depreciation/ Amortisation		Net Block	lock
S. S.	Particulars	<b>As on</b>		Deduction/	As on	Upto	During the	Adjustment	Upto	As on	As on
		01.04.2020	Adju	the period period	31.03.2021	01.04.2020	period	auring the period	31.03.2021	31.03.2021	31.03.2020
	Rights-Of-Use Assets										
-	(Leasehold premises)	130.54	74.03	7.00	197.58	ı	39.06	7.00	32.05	165.52	I
	Total ROU Assets (C)	130.54	74.03	7.00	197.58	ı	39.06	7.00	32.05	165.52	ı
	Total Assets (A+B+C)	6,262.44	165.39	17.63	6,410.20	3,113.66	315.56	8.58	3,420.65	2,989.54	3,018.24
Prev	Previous Year	6,113.28	36.79	1817	6,131.90	2,842.26	288.72	17.32	3,113.66	3,018.24	3,271.02

\* Building includes ₹ 199.51/- (previous year ₹ 199.51/-) towards Permanent Stalls at India Exposition Mart, Noida, acquired out of grant received from the North Eastern Council, Shillong. As per IND AS-16, the asset has been taken at cost in the books and the corresponding depreciation is charged to the fund every year. 6

**Capital Work In Progress** 

- 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. Ш6
- of the said asset is changed from 60 years to 30 years, and accordingly depreciation for the year was calculated by taking the useful as 30 years. This change of useful life is taken as change in accounting estimate. Had the useful life been taken as 30 years since adoption of Schedule II of Companies Depreciation on permanent stalls at IEM was provided by taking useful life as 60 years till 2019-20. But as per recommendation of CAG, the useful life Act 2013, since 2014-15, the total depreciation would have been ₹ 113.59/- ,whereas by taking useful life as 60 years the total depreciation has amounted to ₹ 78.97/-. Thus depreciation to the extent of ₹ 34.61/- has remained unabsorbed. This amount will be amortised over the remaining useful life of the asset. Ч
- Landscaping and Tiles Flooring work at Head Office Building was Capitalised and useful life was taken at 60 Years. But as per recommendation of CAG, the assets are re-classified as Non Carpeted Roads (Useful Life 3 years). So it was decided to write off the remaing unabsorbed depreciation during the year, and accordingly an excess depreciation to the extent of ₹7.61/- and ₹29.22/- was charged against Tiles Flooring and Landcapping work respectively. The written down value as at 31st March 2021 is equal to residual value of the said asset 00



0.72

0.87





(₹ in Lakh)

Note 10 : OTHER NON FINANCIAL ASSETS	As at	As at
NOLE ID . OTHER NON FINANCIAL ASSETS	31st March, 2021	31st March, 2020
Income Tax Refundable	285.14	1,745.47
	285.14	1,745.47
Note 11 : PAYABLES	As at	As at
	31st March, 2021	31st March, 2020
(I)Trade Payables		
(i) -total outstanding dues of micro & small enterprises	-	-
(ii)- total outstanding dues of creditors other than micro & small enterprises	357.89	224.14
(II) Other Payables	-	-
	357.89	224.14
	As at	As at
Note 12 : BORROWINGS	31st March, 2021	31st March, 2020
Term Loan (Unsecured) from Others, amortised at cost (within India)		
Interest free loan from Government of India *	46,099.07	44,340.45
Interest free loan from Government for Venture	2,309.91	2,174.03
Loan from National Backward Classes Finance & Development Corporation	-	178.57
(NBCFDC)** (6th Loan)		
	48,408.97	46,693.05

### 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. The interest rate considered for discounting of Interest free Government Ioan repayable at maturity is that of Government Bonds which is 6.25% till FY 2019-20 and 6.18% from FY 2020-21.

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



### (₹ in Lakh)

Note 13 : OTHER FINANCIAL LIABILITIES	As at	As at
	31st March, 2021	31st March, 2020
GST, PF and other statutory liabilities	83.78	33.42
Notional Interest	25,239.03	26,366.52
Undisbursed Central Subsidies	6,065.01	3,043.78
Lease liability	174.70	-
Security Deposit	91.73	99.03
Other Liabilities	5,147.56	6,164.91
Upfront Fees Received in Advance*	-	994.58
NE Trade Expo	0.44	0.44
MEFC R&D Training Fund	16.28	16.28
	36,818.53	36,718.97

\* From FY 20-21 loans have been recognised at amortised cost using Effective Interest Rate. Upfront Fee received in advance have been considered in calculation of the same.

Note 14 : CURRENT TAX LIABILITIES(NET)	As at 31st March, 2021	As at 31st March, 2020
Provision for Income Tax	1,714.74	-
Less: Advance Payment of Income tax & TDS	(1,673.31)	-
	41.43	-
Note 15 : PROVISIONS	As at	As at
	31st March, 2021	31st March, 2020
Provisions for employee benefits		
- Gratuity	266.91	217.34
- Leave Encashment	999.19	894.67
-Leave Travel Concession / Allowance	94.65	93.30
Others		
Floating Provision against Advances	200.00	200.00
Provision for Diminution in Fair Value of Restructured Advance	13.35	31.29
	1,574.10	1,436.60



(i)							(₹ in Lakh)
Tax effect of items constituting (DTL)		(Charge)/credit to (Charge)/cre	(Charge)/cre	Ba	(Charge)/cred	(charge)/cre	Balance as at 31st
	As at 1st April 2019	Ρ&ι	dit to OCI	March 2020	it to P & L	dit to OCI	March 2021
Related to Property, plant and equipment	(16.72)	(26.48)	I	(43.21)	10.80	I	(32.41)
Related to Right to Use Assets	I	I	I	I	(41.66)	I	(41.66)
Related to Special Reserve u/s 36(1)(viii) of the							
Income Tax Act, 1961	(3,087.03)	(184.10)	I	(3,271.13)	179.72	I	(3,091.41)
	(3,103.76)	(210.58)	I	(3,314.34)	148.87	1	(3,165.47)
Tax effect of items constituting DTA		(Charge)/credit to (Charge)/cre Balance as at 31st (Charge)/cred (Charge)/cre Balance as at 31st	(Charge)/cre	Balance as at 31st	(charge)/cred	(charge)/cre	Balance as at 31st
	As at 1st April 2019	Ρ&L	dit to OCI	March 2020	it to P & L	dit to OCI	March 2021
Related to Provisions	2778.13	(348.98)	I	2429.15	(324.28)	I	2104.87
Related to Lease liability	I	I	I	I	43.97	I	43.97
Related to Effective Interest Rate	I	I	I	I	174.30	I	174.30
	2778.13	(348.98)	1	2429.15	(10:901)	1	2323.13
Net DTA/(DTL)	(325.63)	(559.56)	I	(885.19)	42.85	I	(842.34)

THE YEAR TO RISE. THE YEAR TO REBUILD.

Note 16 : DEFERRED TAX LIABILITIES (net) and Tax expense



(₹ in Lakh)

Income tax recognised in Statement of profit and	As at	As at
loss	31st March, 2021	31st March, 2020
(a) Current tax :		
In respect of current year	1710.50	1637.19
In respect of prior years	(294.44)	-
	1416.06	1637.19
(b) Deferred tax :		
In respect of current year origination and reversal of		
temporary differences	(42.85)	559.56
	(42.85)	559.56
	1,373.21	2,196.75

(iii)

(ii)

Income tax recognised in Other Comprehensive Income	As at 31st March, 2021	As at 31st March, 2020
Deferred tax related to items recognised in OCI		
during the year		-
Remeasurement of defined employee benefits	(14.66)	-
Net gain/(loss) on equity instruments through OCI	10.42	-
	(4.24)	-
(iv)	·	

()		
Reconciliation of estimated Income Tax expenses at	As at	As at
tax rate to income tax expenses reported in the	31st March, 2021	31st March, 2020
Statement of profit and loss :		
Profit before tax	8,397.27	5,740.07
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	2,113.42	1,444.66
Adjustment in respect of current income tax of prior		
years	(294.44)	-
Non-deductible expenses		
Corporate social responsibility expenditure not deductable	271.79	160.00
Effect of other expenses/provisions not deductible	(1,012.01)	592.09
Adjustment in respect of prior years	294.44	-
Reported income tax expense	1,373.21	2,196.75



### (₹ in Lakh)

Note17 : SHARE CAPITAL	As at	As at
	31st March, 2021	31st March, 2020
AUTHORISED		
50,00,00,000 Equity Shares of ₹ 10/- each	50,000.00	50,000.00
(Previous Year: 50,00,00,000 Equity Shares of ₹ 10/- each)		
	50,000.00	50,000.00
10,00,00,007 Equity Shares of ₹ 10/- each	10,000.00	10,000.00
(Previous Year: 10,00,00,007 Equity Shares of ₹ 10/- each)		
PAID UP		
10,00,00,007 Equity Shares of ₹ 10/- each	10,000.00	10,000.00
(Previous Year: 10,00,00,007 Equity Shares of ₹ 10/- each)		
	10,000.00	10,000.00

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

Equity Shares	As at 31st March, 2021	As at 31st March, 2020
At the beginning of the year (No. of Shares) Issued during the year	1,000.00	1,000.00 -
Outstanding at the end of the year	1,000.00	1,000.00

### 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.



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

Name of the shareholders	As at 31/03/2021 No. of Shares % of holding	As at 31/03/2020 No. of Shares % of holding
i. IDBI Bank Limited	250.00	250.00
	25%	25%
ii. Life Insurance Corporation of India	150.00	150.00
	15%	15%
iii. State Bank of India	150.00	150.00
	15%	15%
iv. Industrial Finance Corporation of India	100.00	100.00
	10%	10%
v. ICICI Ltd.	100.00	100.00
	10%	10%
vi. Small Industries Development Bank of India	100.00	100.00
	10%	10%
vii. Administrator of Specified Undertaking of Unit	100.00	100.00
Trust of India	10%	10%

**Notes 17.1:** 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.



(₹ in Lakh)

	Asat	(₹ in Lakh
Note 18 : OTHER EQUITY	As at 31st March, 2021	As at 31st March, 2020
I. Other Reserves		
(a) North East Equity Fund		
Fund Balance	798.71	798.7
Less: Bad Loans written off	(167.67)	(167.67
Less: Provision against Soft Loans under NEEDS	(17.93)	(18.18
·	613.11	612.86
(b) Statutory Reserve under RBI Act, 1934		
Opening Balance	13,875.68	13,167.9
Add:Transferred from Retained Earnings	1,399.38	707.77
3	15,275.06	13,875.68
(c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961		
Opening Balance	11,233.28	10,601.07
Add:Transferred from P/L Account	1,049.81	632.2
	12,283.09	11,233.28
(d) Venture Capital Fund:	,	
Fund Balance	1,260.30	1,236.9
Add: Transferred from General Reserve	22.64	23.39
	1,282.94	1,260.30
(e) General Reserve	1,202.34	1,200.30
Opening balance	42,711.58	42,734.97
	42,/11.56	42,/34.9/
Add: Transferred from surplus in Statement of Profit and Loss Less: Utilised / transferred during the year for:	-	-
Less. Builsed / transferred during the year for.		
Others : Transferred to Venture Capital Fund	(22.64)	(23.39
	42,688.94	42,711.58
(f) India Exposition Mart Stalls		
Opening balance	155.02	161.18
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	(14.10)	(6.16
5 · · · · · · · · · · · · · · · · · · ·	140.92	155.02
(g) Techno Economic Development Fund		
Opening balance	3,854.11	3,920.19
Add: Additions / transfers during the year	438.24	303.16
Less: Utilisations / transfers during the year	278.29	(369.24
	4,014.05	3,854.1
(h) CSR Reserve		
Opening balance	_	26.10
Add: Additions / transfers during the year		-
Less: Utilisations / transfers during the year		(26.10
	-	-
(i) Impairment Reserve*		
Opening balance	-	-
Add : Additions during the year	3,315.75	-
	3,315.75	-
Retained Earnings		
Balance as per last Balance Sheet	2,527.47	1,290.16
Profit for the Period	7,023.73	3,541.74
Adjustments in initial recognition due to fair value changes :	3,667.76	
Adjustments due to retrospective application of Ind AS 116 : Leases	(5.89)	-
Adjustment due to derecognition of tax paid on upfront fee received in advance	(318.98)	
Other comprehensive income	(21.09)	
Less: Appropriations		
Transferred to General Reserve	-	-
Dividend Paid	(800.00)	(800.00
Tax on Dividend		(164.44
Transferred to Statutory Reserve under RBI Act, 1934	(1,399.38)	(707.77
Transferred to Special Reserve	(1,049.81)	(632.21
	9,623.81	2,527.47



### Note 18.1: Nature and purpose of reserves

\* Impairment Reserve has been created as per RBI Circular No. RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards.

1-	•	
(र	In	Lakh)

Note 19 : INTEREST INCOME	As at the end of 31st March, 2021	As at the end of 31st March, 2020
On financial instruments measured at Amortised cost		
Interest on loans	10,388.60	9,012.55
Interest on Fixed Deposits and Bonds	725.44	472.57
	11,114.03	9,485.12

\*From current year, interest income have been recognised using Effective Interest Rate (EIR) method as per "Ind AS 109 : Financial Instruments".

Note 20 : DIVIDEND INCOME	As at the end of	As at the end of
	31st March, 2021	31st March, 2020
From equity investments	2.40	2.40
From preference share investments	49.35	13.09
	51.75	15.49

Note 21 : RENTAL INCOME	As at the end of	As at the end of
NOLO 21. RENTAL INCOME	31st March, 2021	31st March, 2020
Rent Received	304.48	289.69
Maintenance Charges	127.13	120.79
Hall Charges	4.10	33.18
	435.71	443.66

Note 22 : FEE AND COMMISSION INCOME	As at the end of	As at the end of
NOLU 22. FEE AND COMMISSION INCOME	31st March, 2021	31st March, 2020
Upfront Fees*	-	290.29
Prepayment Charges	9.81	13.63
	9.81	303.92

\*From current year, interest income have been recognised using Effective Interest Rate (EIR) method. The Upfront fees received during the year have been netted off from outstanding to calculate EIR and amortised as per the repayment

Note 23 : NET GAIN/LOSS ON FAIR VALUE CHANGES	As at the end of 31st March, 2021	As at the end of 31st March, 2020
Net gain/(loss) on financial instruments at FVTPL		
Realised gain/(loss) from sale of Mutual Fund units	1,769.88	2,318.69
Unrealised fair value gain/(loss) on Mutual Fund units	66.07	-
Unrealised fair value gain/(loss) on debt instruments	215.40	-
	2,051.35	2,318.69
	As at the end of	As at the end of
Note 24 : OTHER OPERATING INCOME	As at the end of 31st March, 2021	As at the end of 31st March, 2020
Note 24 : OTHER OPERATING INCOME Consultancy Fees		
	31st March, 2021	31st March, 2020
Consultancy Fees	<b>31st March, 2021</b> 486.80	<b>31st March, 2020</b> 269.78
Consultancy Fees Management Fees	31st March, 2021 486.80 200.00	<b>31st March, 2020</b> 269.78 312.50



### (₹ in Lakh)

Note 25 : OTHER INCOME	As at the end of	As at the end of
Note 25 . OTHER INCOME	31st March, 2021	31st March, 2020
Interest on loan to staff*	124.21	-
Miscellaneous Receipts	6.05	79.24
Bad Loans & Advances Recovered	889.78	153.44
Interest on I.T. Refund	131.90	-
Contribution to gratuity fund	9.78	-
Reversal of impairment on loans	271.84	-
Gain on disposal of assets(net)	0.17	-
	1,433.73	232.68

\* From current year, loans to staff given at concessional rates have been discounted to represent fair value. Market Rate have been considered at 7.25%(60 bps above EBLR of 6.65%)- the rate charged by SBI for Term loans upto ₹ 75 lakh

Note 26 : FINANCE COSTS	As at the end of	As at the end of
NOLE 20 . FINANCE COSTS	31st March, 2021	31st March, 2020
Interest on Borrowing		
- NBCFDC	0.93	4.55
- NSCFDC	-	0.08
Notional Interest on Government Loan	2,907.15	2,738.11
Prepaid Employee Benefit expenses amortised during the year	40.45	-
Interest Expense on lease liabilities	11.45	-
	2,959.98	2,742.73
Note 27 : IMPAIRMENT ON FINANCIAL INSTRUMENTS	As at the end of	As at the end of
NOUS 27 . IMPAIRMENT ON FINANCIAL INSTRUMENTS	31st March, 2021	31st March, 2020
On financial instruments measured at Amortised cost		
Bad debts and write offs	2,547.33	2,793.88
Loans	-	171.02
	2,547.33	2,964.90
	As at the end of	As at the end of
Note 28 : EMPLOYEE BENEFIT EXPENSES	31st March, 2021	31st March, 2020
Salaries & Wages		
<u>Salaries &amp; Wages</u> - Salaries (Director)	58.30	57.72
0	58.30 2,621.59	57.72 2,356.19
- Salaries (Director)		
- Salaries (Director) - Salaries (Others)	2,621.59	2,356.19
- Salaries (Director) - Salaries (Others) - Leave Travel Concession / Allowance	2,621.59 31.17	2,356.19 93.60
- Salaries (Director) - Salaries (Others) - Leave Travel Concession / Allowance - Leave Encashment	2,621.59 31.17	2,356.19 93.60
<ul> <li>Salaries (Director)</li> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> </ul>	2,621.59 31.17 207.60	2,356.19 93.60 164.16
- Salaries (Director) - Salaries (Others) - Leave Travel Concession / Allowance - Leave Encashment <u>Contribution to Provident and other Funds</u> - Employer's Provident Fund	2,621.59 31.17 207.60	2,356.19 93.60 164.16 171.91
- Salaries (Director) - Salaries (Others) - Leave Travel Concession / Allowance - Leave Encashment <u>Contribution to Provident and other Funds</u> - Employer's Provident Fund - Gratuity	2,621.59 31.17 207.60	2,356.19 93.60 164.16 171.91
<ul> <li>Salaries (Director)</li> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> </ul>	2,621.59 31.17 207.60 190.50 -	2,356.19 93.60 164.16 171.91 23.56
<ul> <li>Salaries (Director)</li> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> <li>Medical Reimbursement</li> </ul>	2,621.59 31.17 207.60 190.50 - 45.08	93.60 164.16 171.91 23.56 60.49
<ul> <li>Salaries (Director)</li> <li>Salaries (Others)</li> <li>Leave Travel Concession / Allowance</li> <li>Leave Encashment</li> <li>Contribution to Provident and other Funds</li> <li>Employer's Provident Fund</li> <li>Gratuity</li> <li>Staff Welfare Expenses</li> <li>Medical Reimbursement</li> <li>Recruitment / Relocation Expenses</li> </ul>	2,621.59 31.17 207.60 190.50 - 45.08 0.21	2,356.19 93.60 164.16 171.91 23.56 60.49 13.90



# The following table sets out the status of the defined Gratuity and Leave Encashment Plan

Particulars	Gra	tuity	Leave En	cashment
	Current Year(')	Previous Year (')	Current Year(')	Previous Year (
i. Change in the present value of the defined	benefit obligation			
Opening benefit obligation	583.23	546.36	894.67	851.04
Current Interest Cost	39.13	42.45	60.03	66.13
Past Service Cost	-	-	-	-
Current Service Cost	28.49	28.11	56.31	54.06
Benefit Paid			(102.57)	(212.99)
Actuarial (Gain)/Loss	25.77	(33.69)	90.75	136.43
Closing benefit Obligation	647.78	583.23	999.19	894.67
ii. Change in Plan Assets				
Opening Fair Value of Plan Assets	365.89	324.85	-	-
Actual Return of Plan Assets	23.4	22.87	-	-
Contribution	20.43	18.16	102.57	212.99
Benefit Paid	(28.85)	-	(102.57)	(212.99
Closing Fair Value of Plan Assets	380.87	365.89	(102.07)	(212.00
	000.07	000.00		
iii. Reconciliation of Expense in Profit & Loss S	tatement			
Closing Present Value of Obligation	647.78	583.23	999.19	894.6
Opening Present Value of Obligation	(583.23)	(546.36)	(894.67)	(851.04
Benefit Paid	28.85	(040.00)	102.57	212.04
Actual Return on Assets	(23.4)	(22.87)	02.57	212.04
OCI	(26.92)	31.33	0	
Expense required in Profit & Loss	43.08	45.32	- 207.09	- 256.6
Account	43.00	40.02	207.03	230.0
Account				
iv. Net Cost recognized in Profit & Loss Accou	nt			
Current Service cost	28.49	28.11	56.31	54.06
Net Interest Cost	14.58	17.21	60.03	66.13
Net actuarial(Gain)/Loss	14.00	17.21	90.75	136.43
Expense required in Profit & Loss	43.08	- 45.32	207.09	256.6
Account	43.08	40.32	207.09	250.0
Account				
v. Reconciliation of opening and closing net l	ighility recognized in	Palanco Shoot		
Opening Net Liability	217.34	221.51	894.67	851.04
Expense Charged to Profit & Loss Account	43.08	45.32	207.09	256.6
Benefit Paid by Corporation	-	- 40.02	-	
Contribution Paid	(20.43)	(18.16)	(102.57)	(212.99
	. ,		(102.57)	(212.99
	26.92	(31.33)	-	004.0
Closing Net Liability	266.91	217.84	999.19	894.6
vi. Maturity Profile of Defined Benefit Obligat		50.01	100.05	110.14
Year 1	56.51	52.81	129.95	113.18
Year 2	31.43	27.81	117.84	90.08
Year 3	48.99	32.60	91.070	101.02
Year 4	30.48	44.77	112.12	77.0
Year 5	46.76	27.05	93.79	94.17
After 5th Year	1,121.98	1,033.80	1,143.76	1,057.60
Total	1,336.15	1,218.84	1,688.54	1,533.03



#### vii Sensitivity Analysis for Gratuity

Item	As at 31/03/2021	Impact (Absolute)	Impact %
Base Liability	647.78	0	
Increase Discount Rate by 0.5%	620.33	(27.44)	(4.24%)
Decrease Discount Rate by 0.5%	677.27	29.49	4.55%
Increase Salary Inflation by 1.00%	685.62	37.84	5.84%
Decrease Salary Inflation by 1.00%	611.25	(36.53)	(5.64%)
Increase withdrawal Rate by 1.00%	673.16	25.38	3.92%
Decrease Withdrawal Rate by 1.00%	621.59	(26.19)	(4.04%)

#### viii. Sensitivity Analysis for Leave Encashment

Item	As at 31/03/2021	Impact (Absolute)	Impact %
Base Liability	999.19	0	
Increase Discount Rate by 0.5%	968.27	(30.92)	(3.09%)
Decrease Discount Rate by 0.5%	1,031.96	32.78	3.28%
Increase Salary Inflation by 1.00%	1,067.27	68.08	6.81%
Decrease Salary Inflation by 1.00%	937.58	(61.60)	(6.17%)
Increase withdrawal Rate by 1.00%	1,002.38	3.19	0.32%
Decrease Withdrawal Rate by 1.00%	996.03	(3.15)	(0.32%)

**Note: 1** The base liability is calculated at discount rate of 6.79% per annum and salary inflation rate of 3 % per annum for all future years. **2.** Liabilities are very sensitive to salary escalation rate, discount rate and withdrawal rate. **3.** Liabilities are very less sensitive due to change in mortality assumptions. Hence, sensitives due to change in mortality are ignored.

#### ix. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2021 are as under:

Category of Plan Assets	Gratuity	Leave Encashment
Funds Managed by LICI	% of Plan Assets	% of Plan Assets
	100%	-

#### x. Principal Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	Current Year(')	Previous Year (')	Current Year(')	Previous Year (')
Discount Rate	6.79%	6.71%	6.79%	6.79%
Rate of increase in Compensation Levels	3.00%	3.00%	3.00%	3.00%
Rate of Return on Plan Assets	6.71%	7.77%	-	-

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 @ 3% p.a. However, on review the actuary observed that the average increase comes out @ 3% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 3% 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 ₹ 190.50 lakh (Previous Year ₹ 171.91 lakh) has been charged to Profit & Loss Account including arrears.

(₹ in Lakh)

Note 29 : DEPRECIATION, AMORTIZATION & IMPAIRMENT	As at the end of	As at the end of
NOTE 29 : DEPRECIATION, AMORTIZATION & IMPAIRMENT	31st March, 2021	31st March, 2020
Depreciation on Property, Plant and Equipment	194.00	214.16
Depreciation on Intangible Asset	68.40	68.40
Depreciation on ROU Asset	39.06	-
	301.46	282.56

	As at the end of	As at the end of
Note 30 : OTHER EXPENSES	31st March, 2021	31st March, 2020
Rent, Taxes and Energy Cost		
Electricity Charges & Electrical Expenses	51.15	43.61
Rent on short term leases	1.44	47.02
GST Expenses	57.05	65.28
Licence & Registration Fees	16.46	19.44
Repairs & Maintenance		
Repairs & Maintenance (Machine)	56.60	59.33
Repairs & Maintenance (Security Service Charges & Others)	303.59	318.94
Software Maintenance Expenses	49.97	40.28
Communication Costs		
Telephone Charges & Postage	24.88	24.64
Printing & Stationery	15.68	20.77
Advertisement & Publicity		
Advertisement Expenses	7.40	1.61
Business Promotion	18.92	29.78
Business Facilitation Centre Expenses	9.97	19.00



Auditors' Fees and Expenses		
Tax Audit Fees	0.42	0.42
Statutory Audit Fees	2.84	2.84
Internal Audit Fees	4.00	3.25
Other services	0.20	
Reimbursement of expenses	0.30	
Legal & Professional Fees and Expenses	39.52	95.96
Insurance charges	10.94	7.72
Other Expenses		
Other Audit Expenses	1.24	3.93
Bank charges	1.90	1.55
Books & Periodicals	2.46	2.51
Car hire Expenses	42.38	56.08
Consultancy Expenses	61.04	79.91
Conveyance	2.53	8.65
Honorarium	0.62	-
Haat Expenses	19.96	-
India Exposition Mart Expenses	5.95	7.56
Miscellaneous Expenses	11.44	0.94
Mission Organic Expenses	0.77	1.67
Research & Developmental Expenses	102.57	103.98
Seminar & Conference Expenses	3.57	13.68
Training Expenses	0.80	22.37
Travelling Expenses (Others)	6.92	44.40
Annual Custody Fees	0.25	-
Interest on Income Tax	5.36	0.11
Loss on sale / disposal of assets (net)	-	0.11
CSR Expenses	271.79	160.00
	1,235.75	1,337.68
	As at the end of	As at the end of
Note: 30.1 - CSR EXPENSES	31st March, 2021	31st March, 2020
Skill & Market Development Expenses	271.79	160.00
	271.79	160.00
	2/1./9	100.00

#### Note 30.2

a. Gross amount required to be spent: ₹ 148.71 lakhs (P.Y. ₹ 186.00 lakhs). 2% of the average profit of last three financial years i.e. 2% of `Rs. 22307.28 lakhs (P.Y. ₹ 78,66.93 lakhs)= ₹ 446.15 lakhs (P.Y. ₹ 1,57.34 lakhs). The Corporation has spent ₹ 2,71,79 lakhs (P.Y. ₹ 1,86.09 lakhs) on CSR.



#### **b.** Amount spent during the year on

(₹ in Lakh)

		In C	Cash	Yet to be p	aid in Cash	Tota	al
		Current year	Previous year	Current year	Previous year	Current year	Previous year
i. Construction / ac	quisition of any asset	-	-	-	-		-
ii. On purposes oth	er than i. above	271.79	160.00	-	-	271.79	160.00

c. ₹ 50 lakhs was transferred to NE SHILP during the year.

**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 31 : EARNINGS PER SHARE	As at the end of	As at the end of
	31st March, 2021	31st March, 2020
The following table reconciles the numerators and denominators		
used to calculate Basic and Diluted Earning per Share for the year		
ended 31st March 2021.		
Particulars		
(a) Profit/(Loss) Attributable to Equity Shareholders (₹ in Lacs)	7,002.64	3,541.74
(b) The weighted average number of Equity Share of Basic EPS	1,000	1,000
(c) The weighted average number of Equity Share of Diluted EPS	1,000	1,000
(d) Nominal value per Ordinary Share (₹)	10.00	10.00
(e) Earnings Per Share - Basic (₹)	7.00	3.54
(f) Earnings Per Share - Diluted (₹)	7.00	3.54



#### **NOTE 32: 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		
	Mr. S.K. Tandon (up to 03/08/2020)	Nominee Director (SBI)		
	Mr. R.S. Ramesh (w.e.f 03/08/2020)	Nominee Director (SBI)		
	Mr. Dinesh Bhagat (up to on 03/08/2020)	Nominee Director (LIC)		
	Mr. N.P. Sinha (w.e.f 03/08/2020, up to 12/11/2020)	Nominee Director (LIC)		
	Mr. A. Kumar (w.e.f on 20/01/2021)	Nominee Director (LIC)		
	Mr. Bhaskar Jyoti Sarma	Independent Director		
	Mr. Sanjay Kumar Pai	Independent Director		
	Dr. Natalie West Kharkongor	Independent Director		
	Mr. S. Chaudhuri	Nominee Director (IDBI)		
	Mr. S.C Gupta	Director		
	Mr. Indevar Pandey	Director		
	Mr. Manoj Kumar	Director		
Subsidiaries	NEDFi Trustee Limited			
	NEDFi Venture Capital Limited			
Associates	North East Venture Fund			
Trusts / Funds under control of the Company	North East Society for Handicraft Incubation and Livelihood Promotion (NE SHILP)			



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

(₹ in Lakh)

Particulars	31st March, 2021	31st March, 2020
Key managerial personnel	^ 	
Short Term Employee Benefits -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	65.42 49.96 42.10	67.88 54.55 44.45
Repayment/Recovery of loans and advances -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	NIL 8.14 1.99	1.25 7.79 1.99
Director's Sitting Fees	20.80	23.00
Subsidiaries		
NEDFi Venture Capital Limited -Receivable towards salary payments	162.94	146.96
Associates		
Investment in North East Venture Fund	1552.93	353.00
Trusts / Funds under control of the Company		
NE SHILP -Payment towards purchase of craft products -Payment towards reimbursement of expenses -Release of corpus fund	0.0719 12.05 50.00	0.3349 - -

### C. Outstanding Balance with Related Parties:

(₹ in Lakh)

Particulars	31st March, 2021	31st March, 2020
Key managerial personnel		
Loans & Advances -Mr. B.P. Muktieh -Mr. S.K. Baruah -Mr. V.K. Agarwal	Nil 15.11 3.71	Nil 19.80 5.46
Subsidiaries -Receivable from NEDFi Venture Capital Limited	3,09.89	1,46.96
Trusts / Funds under control of the Company		
-Receivable from NE SHILP	NIL	10.47



#### **NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS**

(₹ in Lakh)

	ï	
Particulars	2020-21	2019-2020
i) Contingent liabilities		
Other money for which company is contingently liable.	1364.00	1364.00
ii) Commitments		
Other commitments (loan sanctioned but not disbursed)	44,578.96	37653.00

**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 ₹ 44,578.96 lakh, which shall be disbursed in due course, subject to compliance of requisite formalities.

c. The service tax department had raised a demand of ₹ 197.07 lakh towards short payment of service tax (₹ 109.70 lakh), nonpayment of service tax on pre-payment charges (₹ 11.68 lakh) and interest amount (₹ 75.68 lakh). The Corporation had already deposited ₹ 175.47 lakh under protest and debited the same in the profit and loss account. 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 Department for Promotion of Industry & Internal Trade (DPIIT), formerly known as DIPP, raised the demand of ₹1342 lakh towards refund of interest earned on unspent central subsidy funds received. However, DPIIT had taken a decision on March 22, 2000 to allow the Corporation to meet its administrative expenses out of treasury operations of the funds released by DPIIT as no service charge was being paid to the Corporation. Further, DPIIT in meeting held on September 25,



2012 advised the Corporation to articulate the actual administrative expenses. The Corporation then reverted to DPIIT, where the administrative cost incurred by the Corporation during 2000-2015 has been estimated to be ₹ 2415 lakh. The Corporation has also requested DPIIT to pay an administrative charge @ 1% of the disbursed fund. Although the matter is being pursued with DPIIT no response has been received. Since the administrative charge, when paid, will be higher than the interest refundable to DPIIT, no provision has been made in the books of accounts of the Corporation.

**Note 34:** 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 Other Financial liabilities to the extent of undisbursed amount.

**Note 35**: Special Reserve has been created and maintained in terms of Section 36 (1) (viii) of the Income Tax Act, 1961.

**Note 36:** In accordance with the instructions in RBI circular RBI/2021-22/17DOR. STR. REC.4/21.04.048/2021-22 dated 07 April 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the Corporation has put in place a Board approved policy to refund/adjust the 'interest

on interest' charged to borrowers during the moratorium period .i.e. 01 March 2020 to 31 August 2020. The Corporation has estimated the said amount and made a provision of ₹ 42.46 lakh in the financial statements for the year ended 31 March 2021.

**Note 37:** The Provisioning Coverage Ratio of the Corporation is 63.68% (Previous Year 52.2%).

Note 38: The Corporation in association with the Ministry of Development of North Eastern Region (M-DoNER) has set up the first dedicated Venture Capital Fund for the NER, namely "North East Venture Fund (NEVF)". The fund is a unit scheme under North East Venture Trust (NEVT), an umbrella trust, wherein the Corporation is the settlor. The trust has been registered under the Indian Registration Act, 1908 on 13th October 2016. The corpus of the fund is ₹ 100 cr. NEVF has been registered with Securities and Exchange Board of India (SEBI). The first close of the fund has also been declared on 31st March, 2017. To operate and manage the fund, two wholly owned subsidiaries namely NEDFi Venture Capital Limited (NVCL) and NEDFi Trustee Limited (NTL) have been incorporated by the Corporation.



(₹ in Lakh)

#### **Note 39: SEGMENT REPORTING**

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

			(₹ in Lakh)
1.	Segment Revenue	2020-21	2019-20
	Lending and Financing Activities	14195.34	12208.01
	Management of Surplus Funds	2776.79	2791.26
	Others	689.80	585.28
	Total	17661.92	15584.55
2.	Segments Results		
	Lending and Financing Activities	4171.07	1985.01
	Management of Surplus Funds	2776.79	2791.26
	Others	955.91	423.71
	Total	7903.76	5199.98
	Unallocated Income	493.51	538.39
	Unallocated Expenses	0	0
3.	Operating Profit	8397.27	5738.37
	Income Tax	1373.21	2196.75
4.	Net Profit	7024.06	3541.62
5.	Other Information		
	Segment Assets		
	Lending and Financing Activities	109756.85	105633.70
	Management of Surplus Funds	70287.40	61333.41
	Others	204.69	319.00
	Total	180248.95	167286.11
	Unallocated Assets	6994.36	12182.72
	Total	187243.31	179468.83
	Segment Liabilities		
	Lending and Financing Activities	87140.96	92349.34
	Management of Surplus Funds	0	0
	Others	0	0
	Unallocated Liabilities	10231.55	6772.49
	Total	97372.52	99121.83
	Net Capital Employed	89870.79	80347.00



Note 40: Schedule to the Balance Sheet of a NBFC as required under Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (₹ in Lakh)

	Particulars	31st March	n, 2021	31st Marc	ch, 2020
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities side:				
1	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid: (a) Debentures : Secured : Unsecured (b) Deferred Credits (c) Term Loans (d) Inter-corporate loans and borrowing (e) Commercial Paper (f) Other Loans (specify nature) - GOI Loan* * taken at fair value	NIL NIL NIL NIL 48408.97	NIL NIL NIL NIL NIL	NIL 178.57 NIL NIL 72881	NIL NIL NIL NIL NIL
	Assets side:				
				Amount ou	tstanding
2	Break-up to Loans and Advances in other than those included in (3) be		eivable	As at 31/03/2021	As at 31/03/2020
	(a) Secured (b) Unsecured			1,00,528.29 10,508.76	96,278.73 10,527.37
3	Break up of Leased Assets and stoc counting towards AFC activities	ck on hire and oth	ner assets	-	-
	<ul> <li>(i) Lease assets incl. lease rentals</li> <li>a) Financial lease</li> <li>b) Operating lease</li> </ul>			-	-
	<ul> <li>(ii) Stock on hire including hire cha</li> <li>a) Assets on hire</li> <li>b) Repossessed Assets</li> <li>(iii) Other loans counting towards a</li> <li>a) Loans where assets have b</li> <li>b) Loans other than (a) above</li> </ul>	AFC activities been repossessed		-	-
4	Break-up of Investments:			As at 31/03/2021	As at 31/03/2020
	<ol> <li>Quoted:         <ul> <li>(i) Shares : (a) Equity</li> <li>(b) Preference</li> <li>(ii) Debentures and Bonds</li> <li>(iii) Units of mutual funds(Short</li> <li>(iv) Government Securities</li> <li>(v) Others (please specify)</li> </ul> </li> </ol>	Term)		241.14 - 35360.91 - -	20.00 - - 35884.00 -



4	(ii) Debenture (iii) Units of m (iv) Governme	) Preference es and Bonds jutual funds	– North East	Venture Trust		1694.22 3099.07 - - 3852.68 <b>44248.02</b>	490.00 600.00 - - 2299.00 <b>39293.00</b>	
5.	Borrower group-	wise classifica	ation of asset	s financed as i	n (2) and (3	nd (3) above:		
		A	As at 31/03/2021			As at 31/03/2020		
	Category	Amou	nt net of prov	visions	Amo	Amount net of provisions		
		Secured	Unsecured	Total	Secureo	Unsecured	Total	
	1. Related Parties **							
	(a) Subsidiaries							
	(b) Companies in the same group							
	(c) Other related parties	_	17.91	17.91	-	25.25	25.25	
	2. Other than related parties	1,00,528.28	10,490.85	1,11,019.13	96,278.73	10,502.11	1,06,780.84	
	Total	1,00,528.28	10,508.76	1,11,037.04	96,278.73	10,527.36	1,06,806.10	

6.	Investor group-wise classification of all investments in shares and securities (both quoted and unquoted)					
	Category	As at 31	/03/2021	As at 31/03/2020		
		Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions) Total	Market Value/ Break up or fair value or NAV	Unsecured Total	
	1. Related Parties**					
	(a) Subsidiaries	285.74	10.00	155.00	10.00	
	(b) Companies in the same group	NIL	NIL	NIL	NIL	
	(c) Other related parties (NEVF)	1784.73	3852.68	2030.00	2299.00	
	2. Other than related parties	5024.55	40385.35	1871.00	1101.00	
	Total	7095.02	44248.03	4056.00	3410.00	

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



### (7) Other Information

(₹ in Lakh)

	Particulars	As at 31/03/2021	As at 31/03/2020
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	7434.03	13014.00
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	2900.39	6420.00
(iii)	Assets acquired in satisfaction of debt		-

**Note 41:** Balance Sheet disclosures as required under Master direction-Non-Banking Financial Company-Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

## A) Capital

(₹ in Lakh)

Particulars	Current Year	Previous Year
i. CRAR	57.28%	54.15%
ii. CRAR – Tier I Capital	56.82%	53.70%
iii. CRAR – Tier II Capital	0.46%	0.45%
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 Lakhs)	Previous Year (₹ In Lakhs)
1. Value of Investments i. Gross value of Investments a. In India b. Outside India	44248.02	35884.30 -
ii. Provisions for Depreciation a. In India b. Outside India	-	-
lii. Net value of Investments a. In India b. Outside India	44248.02	35884.30 -
2. Movement of provisions held towards depreciation on investments I. Opening Balance ii. Add: Provision made during year iii. Less: Write off/ Write back iv. Closing Balance		



(₹ in Lakh)

C) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

	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	1	I	-	1	I	-	1	I	I
Advances*	3,943.34	1,442.66	2,442.91	6,381.75	11,894.49	41,365.88	25,524.99	17453.38	110449.40
Investments	I	I	Ι	1	35360.91	-	1	8887.11	44248.02
Borrowings**	I	I	Ι	2962.82	I	10317.12	9139.04	25989.99	48408.97
Foreign Currency Assets	I	I	I	I	I	I	I	I	I
Foreign Currency Liabilities	1	I	I	I	1	I	I	I	I

\*at cost \*\*at fair value



## D) Exposure to Real Estate Sector

(₹ in Lakh)

Items	31/03/2021	31/03/2020
<ul> <li>a) Direct Exposure <ul> <li>(i) Residential Mortgages</li> <li>[all individual housing loans]</li> <li>(ii) Commercial Real Estate</li> <li>(iii) Investments in Mortgage Backed Securities</li> <li>(MBS) and other securitized exposures: <ul> <li>a) Residential</li> <li>b) Commercial</li> <li>c) Indirect Exposure</li> </ul> </li> <li>b) Fund based and non fund based exposures</li> </ul></li></ul>	1060.36 7881.94 Nil Nil Nil	877.00 5349.00 Nil Nil Nil
on National Housing Bank (NHB) and Housing Finance Companies (HFCs). <b>Total Real Estate Exposure</b>	8942.30	6226.00

## E) Exposure to Capital Market

Partio	culars	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;	1935.37	509.88
(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)	3852.68	2299.75
Total	Exposure to Capital Market	5788.05	2809.63



# F) Details of Single Borrower Limit (SGL) / Group Borrower (GBL) exceeded by the NBFC

During the current and previous year, the Corporation has not exceeded the prudential exposure norms.

### G) Unsecured Advances

As at 31st March 2021, the amount of unsecured advances stood at ₹ 10508.76 lakh (31st March 2020: ₹ 10527.37 lakh)

### H) Miscellaneous

### a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Corporation has not obtained any registration from other financial sector regulators.

### b) Disclosures of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators.

### c) Related Party Transactions

(Refer Note 31)

d) Rating assigned by credit rating agencies and migration of ratings during the year.

The Corporation has not been assigned any rating as yet.

### I) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

### J) Revenue Recognition

Refer Significant Accounting Policies.

### K) Indian Accounting Standard 110-Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Indian Accounting Standard 110. Refer Consolidated Financial Statements (CFS).



## L) Provisions and Contingencies

(₹ in Lakh)

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	(271.83)	(171.02)
Provision made towards Income Tax	1701.36	1600.00
Other Provision and Contingencies Leave Encashment Gratuity LTC Diminution in Fair Value of Restructured Advance	104.52 49.57 1.35 (17.94)	43.63 (4.16) -
Provision for Standard Assets	1804.25	200.62

## M) Concentration of Advances

	As at 31/03/2021	As at 31/03/2020
Total Advances to twenty largest borrowers	29210.01	40054.00
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	26.45%	37.92%

## N) Concentration of Exposures

	As at 31/03/2021	As at 31/03/2020
Total Exposures to twenty largest borrowers	32256.40	40704.00
Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC	29.20%	37.33%

### O) Concentration of NPAs

	As at 31/03/2021	As at 31/03/2020
Total Exposure to top four NPA accounts	3516.16	6185.00



## P) Sector wise NPAs (Percentage of NPAs to Total Advances in that Sector)

SI. No.	Sector	As at 31/03/2021	As at 31/03/2020
1	Agriculture & allied activities	1.55%	1.96%
2	MSME	10.32%	22.21%
3	Corporate Borrowers	18.18%	33.14%
4	Services	3.73%	5.78%
5	Unsecured personal loans	NIL	NIL
6	Auto loans	NIL	NIL
7	Other personal loans	NIL	NIL

### Q) Movement of NPAs

Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	2.74%	6.48%
ii. Movement of NPAs (gross) a. Opening balance b. Additions during the year c. Reductions during the year d. Closing balance	13013.57 222.63 5802.17 7434.03	20351.44 1704.92 9042.79 13013.57
iii. Movement of net NPAs a. Opening balance b. Additions during the year c. Reductions during the year d. Closing balance	6420.02 166.97 3686.60 2900.39	13727.58 1439.25 8746.81 6420.02
iv. Movement of provisions for NPAs a. Opening balance b. Provisions made during the year c. Write off / Write backs d. Closing balance	6593.55 (2059.92) NIL 4533.63	6623.87 2764.00 2794.00 6593.55

## R) Customer Complaints

		31 March 2021	31 March 2020
a.	No. of complaints pending at the beginning of the year	NIL	NIL
b.	No. of complaints received during the year	NIL	2
c.	No. of complaints redressed during the year	NIL	2
d.	No. of complaints pending at the end of the year	NIL	NIL



## S) Disclosure as required under RBI notification No. RBI/2019-20/220 DOR. No.BP. BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package- Asset Classification and Provisioning:

Year ended 31st March 2021

(₹ in Lakh)

Respective amounts in SMA/overdue categories where the moratorium/ deferment was extended.	41561.65
Respective amount where asset classification benefits is extended	NIL
Provisions made on the cases where asset classification benefit is extended	-
Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	NA

### Year ended 31st March 2020

(₹ in Lakh)

Respective amounts in SMA/overdue categories where the moratorium/ deferment was extended.	22903.00
Respective amount where asset classification benefits is extended	329.00
Provisions made on the cases where asset classification benefit is extended	16.00
Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	NA

### T) Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 :

	Particulars	31 March 2021	31 March 2020
a)	Dues remaining unpaid to any supplier -Principal -Interest on the above	- -	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year - Principal paid beyond the appointed date - Interest paid in terms of Sec 16 of the Act		
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	_
	Total	_	_



# Note 42: Expected Credit Loss policy of the Corporation

The measurement of impairment losses on loan assets as per Ind AS 109 : Financial Instruments requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Corporation's Expected Credit Loss (ECL) calculation is the output of a model with a number of underlying assumptions including segmentation of loan and advances, selection of time horizon, data, forward-looking economic scenarios based on past experiences, etc. The Corporation's customer segments, loan products and operational areas have not changed significantly over the years. This is to mention that the Corporation operates in North East India which enjoys significant Government support to the local entrepreneurs in the form of subsidy among others. Although North East India (NER) region is not untouched due to COVID-19 pandemic, it is imperative to mention that local calamities and geopolitical disturbances impacts the region more than anything else. The final impact of the pandemic is inherently uncertain. The Corporation has generated stable internal data based on past pattern. The Corporation has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Corporation. The historical credit loss experience reflects impacts of economic downturn specific to NER and any support measures provided by Government.

It has been the Corporation's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

### Inputs considered in the ECL Model

### (I) Exposure at Default (EAD)

Exposure at Default (EAD) represents the gross carrying amount of the assets i.e the outstanding of the Corporation.

### (II) Probability of Default (PD)

Probability of default is applied on Stage 1 and 2 on the portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 7 years monthly movements of default rates.

### (III) Loss Given Default (LGD)

LGD is an estimate of the loss from a portfolio given that a default occurs. LGD component of ECL is independent of deterioration of asset quality and thus applied uniformly across various stages.

Of the various methodologies used to estimate LGD, the Corporation has adopted Workout LGD method to calculate Loss Given Default based on the Corporation's own loss and recovery experience. On a more conservative basis, the Corporation has applied LGD of 40%.

In assessing the impairment of loan and advances under the ECL model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The Corporation categorises loan assets into stages primarily on Days Past Due status.



Stage 1 : 0-30 DPD Stage 2 : 31-90 DPD Stage 3 : More than 90 DPD.

Note 43: Disclosure as required under RBI notification no. RBI Circular No. RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards

						(₹ in Lakhs)
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per IND AS	Loss Allowances (Provisions) as per IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Ass	ets					
Standard	Stage 1	87,903.79	150.40	87,753.39	351.62	(201.21)
	Stage 2	15,112.09	578.24	14,533.86	2,133.00	(1,554.77)
Subtotal for standard		103,015.88	728.64	102,287.25	2,484.62	(1,755.98)
Non-Performing	g Assets (NPA)					
Substandard	Stage 3	222.63	89.05	133.58	55.66	33.39
Doubtful- up to 1 year	Stage 3	1,349.60	539.84	809.76	687.57	(147.73)
1 to 3 years	Stage 3	4,539.07	1,815.63	2,723.44	2,467.68	(652.05)
More than 3 years	Stage 3	-	-	-	-	
Subtotal for doubtful		5,888.67	2,355.47	3,533.20	3,155.25	(799.78)
Loss	Stage 3	1,322.73	529.09	793.64	1,322.73	(793.64)



Subtotal for NPA		7,434.03	2,973.61	4,460.42	4,533.63	(1,560.02)
Other items such as guarantees, loan commitments, etc. which are in the scope of	Stage 1	_	_	_	_	_
Ind AS 109 but not covered	Stage 2	-	-	-	-	-
under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	_	_	_	-	_
Subtotal		_	_	_		_
	Stage 1	87,903.79	150.40	87,753.39	351.62	(201.21)
Total	Stage 2	15,112.09	578.24	14,533.86	2,133.00	(1,554.77)
	Stage 3	7,434.03	2,973.61	4,460.42	4,533.63	(1,560.02)

Since the total impairment allowances under Ind As 109 is lower than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March, 2021, an amount of ₹ 3316.00 lakhs has been transferred to Impairment Reserve. The balance in the Impairment Reserve shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of supervision, RBI.

# Note 44: Risk Management Framework of the Corporation

Whilst risk is inherent in the Corporation's activities, it is managed through a Risk Management Framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. In the course of its business, the Corporation is exposed to certain financial risks namely credit risk, liquidity risk and market risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Corporation's risk management is carried out by its Risk Management Committee of the Board (RMCB), sub-committee of the Board, as per such policies approved by the Board of Directors. On the advice of the RMCB, the Corporation has constituted an Internal Risk Management Committee (IRMC), under



the chairmanship of the Executive Director (ED). The Board has approved the Risk Management Policy of the Corporation to oversee the overall risk of the Corporation. The Corporation has also put in place Board approved policies, such as Loan Policy and other related policies to oversee the credit risk; Operation Risk Management (ORM) Policy to oversee the various operational risk and Asset Liability Management (ALM) Policy to oversee the various market and liquidity of the Corporation.

The Risk Management Department, headed by the Executive Director (ED), along with the concerned departments has been looking after various risks of the Corporation under the supervision of the Chairman and Managing Director (CMD).

### **Credit Risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to financial loss to the Company. The Corporation's credit decisions are guided by its Loan Policy, Operational Manuals for Credit Appraisal & Management and many other credit related policies approved by the Board. Based on various RBI guidelines, the Corporation takes adequate steps to mitigate the risks arising from its business decisions, such as detailed appraisal of the proposals before sanctioning of loans; adequate security coverage/collaterals against the loans, except to small entrepreneurs who are covered under CGTMSE; exposure limits to Industry Sectors, Individual Borrower as well as Group Borrower as per RBI Guidelines and Exposure Norms Policy of the Corporation approved by the Board; regular site visits and review of loan portfolio; monitoring of

defaulting units and Potential NPAs; Credit Rating Assessment (CRA) System for all PFD loans and MSE loans with loan size above ₹ 50 lakh; Income Recognition and Asset classification as per RBI Prudential Norms and adequate provisioning for NPAs, etc. In addition, the Corporation has also set up a separate cell called Stress Asset Management Cell (SAMC) to closely monitor and recover from stressed assets accounts of the Corporation.

### **Market Risk**

The risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return. The Corporation is also exposed to change in interest rates to a certain extent. Lowering of interest rate in the market resulted in fall in interest yield from investment as well as business generation and income from thereon.

Asset Liability Management Committee (ALCO), headed by CMD looks into various aspects of market risk (primarily interest rate and liquidity risk). The Corporation has put in place an Asset Liability Management (ALM) Policy to oversee the market risk.

The Corporation has also put in place an Investment Policy for deployment of its surplus funds. It may be mentioned that the level of treasury operation is limited and is presently limited to FDs/Liquid Funds of Mutual Funds. Although the Corporation is exposed to price risk on such investments; which arises on account of movement in



interest rates, liquidity and credit quality of underlying securities, it carries minimal volatility and ensures adequate liquidity. Hence, temporary market volatility, if any (such as those due to pandemics/ epidemics such as COVID) is not considered to have material impact on the carrying value of these Investments.

### **Liquidity Risk**

The Corporation's principal sources of liquidity are 'cash and cash equivalents, investments in money market instruments' and cash flows that are generated from operations. Liquidity risk in the Corporation may primarily arise from its inability to fulfill the committed liabilities (disbursement) and repayment of debt (loans).

Liquidity Risk is managed by the Asset Liability Management Committee (ALCO) of the Corporation on periodical basis. Cash flow analysis of the Corporation is being done periodically to analyze the liquidity condition whereas daily fund balance position as well as disbursement requirement is also monitored and the surplus fund are deployed in the form of investment in FDs/ Liquid scheme of Mutual fund which are redeemable at one-day notice. Presently around ₹ 470 cr. of surplus fund has been invested in various FDs/ liquid schemes of various mutual funds.

It is to be mentioned that the Corporation has been receiving the interest free loan from the Government of India since FY2002-03 through the Ministry of DONER (M-DONER), which are repayable after 15 years in bullet repayment. So far the Corporation has received interest free loan amounting to ₹ 814.11 cr., out of which ₹ 45 Cr. was given for creation of Venture

Capital Fund. First instalment of repayment of loan from MDoNER became due in FY 17-18. So far, the Corporation has repaid four instalments amounting to ₹ 77.63 cr. on time and the 5th instalment of ₹ 31.48 cr. will become due in the current financial year. The Corporation has also availed refinance from various institutions/agencies like SIDBI, NBCFDC, NSFDC and NSTFDC. So far, the Corporation has taken refinance of ₹ 120.98 cr. from these institutions and entire amount has already been fully repaid with no default in repayment of any of the aforesaid loan and interest thereof. Further, NABARD and MUDRA have approached NEDFi to associate with them for refinancing and other activities based on its performance in the region. Considering the above, the Corporation believes that its cash flow is sufficient to meet the financial liabilities within maturity period.

### **Operational Risk**

Operational Risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. The Corporation has adopted the Operational Risk Management Policy to manage operational risks to an acceptable level across all areas of its operations. The Corporation manages operational risks through comprehensive internal control systems and detailed procedures laid down in the various stages of its lending business. Operational Manual for Project Financing (for PFD/ MSE departments) and Operational Manual for Microfinance Department have already been implemented whereas for the other core departments like A&C, F&A, Legal, etc., the same is being prepared.



Presently, the Risk Management Department along with other departments are reviewing the operational risks. Further, the Internal Auditor of the Corporation during its Quarterly Audit including Branch Audit also reviews various operational aspects/ risks. Till FY21, the internal audit function was outsourced to some reputed Chartered Accountants firm. The Corporation during the year under review has set up a separate Department, Internal Audit Department for monitoring and controlling of financial transactions, credit operation, NPAs, policy compliance, operational risk, etc. After the creation of inhouse Internal Audit team, the Corporation is also implementing the concurrent audit from the current financial year.

exercise of Risk Control & Self-Assessment (RCSA) for each department at Head Office. Suitable training programmes on the Operational Risk Management is being looked into for the officers of the Risk Management and other core departments.

The Corporation during the year under review hasputinplace a robust Disaster Recovery (DR) and Business Continuity Plan (BCP) to ensure continuity of operations including services to customers, if any eventuality happens such as natural disasters, technological outage, etc. Robust periodic testing will be carried out, and results will be analyzed to address gaps in the framework, if any. DR and BCP audits will be conducted on a periodical basis to provide assurance regarding the effectiveness of the Corporation's readiness.

Moreover, the Corporation has initiated the

Particulars	As at 31/03/2021	As at 31/03/2020
i) Depreciation charge for ROU assets for Leasehold premises(presented under Note 28 : " Depreciation , amortization and impairment"	39.06	-
ii) Interest expense on lease liabilities (presented under Note 26 Finance Cost)	11.45	-
iii) Expense relating to short-term leases(included in Note 30 Other Expenses)	1.44	47.02
iv) Payments for principal portion of lease liability	47.22	-
v) Additions to ROU assets during the year	74.03	-
vi) Carrying amount of ROU assets at the end of reporting period by class of underlying assets( Refer Note 9C)	165.52	-
vii) Lease liabilities ( Refer Note 13 )	174.70	-

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to COVID-19 Related Rent Concessions. Corporation has not received/ given any such concessions.



Note 46: Disclosure as required under Guidelines on Resolution Framework for COVID-19related Stress issued by RBI vide notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/ 2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2021 dated 6th August 2020

### (i) For year ended 31 March 2021

Type of borrower	(A) No. of accounts where resolution plan has been implemented under the window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal loans	-	-	-	-	-
Corporate persons	-	-	-	-	-
Of which, MSME	-	-	-	-	-
Others	-	-	-	-	-
Total					

### (ii) For year ended 31 March 2021

No. of accounts restructured	Amount (₹ In lakhs)
122	9927.58

# ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakh)

Name of the Entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		
	As a % of Consolidated Net	Amount (₹)	As a % of Consolidated Profit or Loss	Amount (₹)	
Parent	99.6812%	98,924.98	99.6121%	6,975.80	
Subsidiaries					
Indian					
NEDFi Trustee Ltd.	0.0123%	12.22	0.0151%	1.06	
NEDFi Venture Capital Ltd.	0.3027%	300.36	0.3681%	25.78	
Foreign	-	-	-	-	
Minority Interest in all subsidiaries Associates					
(Investment as per equity method)					
Indian					
NEDFi Trustee Ltd.	0.0001%	0.15	0.0002%	0.013	
NEDFi Venture Capital Ltd.	0.0037%	3.65	0.0045%	0.31	
Foreign		-		-	
Joint Ventures (as per proportionate					
consolidation / investment as per equity					
method)					
Indian	-	-	-	-	
Foreign	-	-	-	-	
Total		99,241.36		7,002.97	

### Disclosure of interests in Subsidiaries and Joint Ventures

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

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





### Information in respect of Subsidiaries, Associates & Joint Ventures (Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

#### Part A - Subsidiaries

(₹ in Lakh)

SI. No.	Particulars	1	2
1	Name of the Subsidiary	NEDFi Trustee Ltd.	NEDFi Venture Capital Ltd.
2	Reporting period for the Subsidiary concerned, if different from the holding Company's reporting period	NA	NA
3	Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in the case of foreign subsidiary	INR	INR
4	Share Capital	5.00	5.00
5	Reserves & Surplus	7.37	299.01
6	Total Assets	12.93	641.13
7	Total Liabilities	0.56	337.12
8	Investments	-	-
9	Turnover	3.55	206.05
10	Profit before Taxation / (Loss)	1.43	34.87
11	Provision for Taxation	0.36	8.78
12	Profit after Taxation / (Loss)	1.07	26.09
13	Proposed Dividend	-	-
14	% of shareholding	98.80%	98.80%

#### Part B - Associates and Joint Ventures - Nil

**Note:** I None of the subsidiaries have been liquidated or sold during the year.

Subject to reliance on the conversion of financial statements to IND AS and our internal report of even date, we hereby certify that Balance Sheet as at 31.03.2021, Statement of Profit & Loss and Cash Flow Statement for the period ending 31.03.2021 alongwith notes thereon are in agreement with the books of accounts.

For H.K. Agrawala and Associates

Chartered Accountants Firm Regn No. 319293E

fername.

CA Himanshu Chowkhani Partner (M. No. 301901) UDIN: 21301901AAAAPC1820 Place : Guwahati Date : 10.09.2021 For and on behalf of the Board of Directors

MOOD

(PVSLN Murty) Chairman and Managing Director DIN : 07355708

**(S. K. Baruah)** Chief Financial Officer

(V. K. Agarwal) Company Secretary



# **FOND REMEMBRANCE**



## LATE DR. JAYANTA MADHAB (1929-2020)

## **FOUNDER CHAIRMAN**

North Eastern Development Finance Corporation Ltd. (NEDFi)

You always had a smile to share Time to give & time to care A loving nature, kind & true Is the way we'll remember you

May we all strive to uphold your legacy

\_\_\_\_\_

IN REVERENCE & REMEMBRANCE

Board of Directors Management & Staff of NEDFi

### **Head Office**

NEDFi House G.S.Road, Dispur Guwahati- 781006 Phone: 0361-2222200

#### Proge Brahmaputra Jungle Resort Muge Commercial

#### **Branch Offices**

#### Guwahati

NEDFi House G.S.Road, Dispur Guwahati- 781006 Phone: 0361-2222200

#### Agartala

4th floor, Aitorma Sentrum Shakuntala Road, Agartala Pin: 799001, Tripura (West) Phone: 0381-2380848

#### Aizawl

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

#### Kohima

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

#### Pasighat

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

#### Namchi

Agam Singh Marg, Bhanjyang Road, Namchi South Sikkim-737126, Phone +91 3595263494

#### Dharmanagar

C/o Sibendu Chakraborty, V.K Road, Nayapara, Dharmanagar, North Tripura-799250 Mobile: +91 9856034495

#### Lunglei

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

#### Imphal

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

#### Shillong

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

#### Tezpur

"Jonak", Shankar Mandir Road, Kamargaon, Tezpur - 784001 Ph : +91 7086029960

### Jorhat

New Medical Stores Building Third Floor, A.T. Road, Jorhat - 785001 Ph : +91 9864067784

#### Tinsukia

Dohutia Complex, 1st Floor, Rangagora Road, Borguri, Tinsukia- 786126, Assam Ph: 0374-2330225

#### Udaipur

C/o Tamal Krishna Das, 1st Floor of M/s Furnico, Vidyasagar Road, Ramesh Chowmuhani, Udaipur, Gomati-799120 Tripura Mobile :+91 9612155421

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

#### Itanagar

NH-415 Road, E-Sector Itanagar-791113, Arunachal Pradesh, Ph: +91 360 2217694

#### Gangtok

NEDFI Gangtok Branch, Ground Floor, Yangthang House, Sonam Tshering Marg, (Kazi Road), Gangtok, East Sikkim -737101 Telefax: - +91 3592 2082869

#### Silchar

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

#### Representative Offices

#### Kokrajhar

Discovery Club Above BSNL Office, RNB Road, Ward No. 8, Kokrajhar- 783370 Assam Mobile: +91 9085747011, +91 8724990969

#### Agia

Ajagar Social Circle Vill / P.O. - Agia, Goalpara- 783120Assam Ph. : +91 3663 285078 Mobile : +91 9707609170

#### Sivasagar

Will-force Group Near K.P.M Hall, A.T. Road, Sivasagar- 785640 Assam Ph: +91 9954342380

#### Tura

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

#### Churachandpur

Rural Aid Services (RAS), Happy Valley, Tuibuong, Near KBC Church, Churachandpur- 795128, Manipur Mobile: +91 9436306138, 9862000469

#### Ukhrul

Volunteers for Village Development Khaivaren Tang, Hungpung, Ukhrul District, Manipur- 795142 Mob: +91 8732044334

#### Senapati

VVD-MF Senapati Branch 3rd Floor, Above Black Rich Garments, Opposite Senapati District HQ Ground. Senapati District, Manipur- 795106 Mobile: +91 7085157614

#### Tamenglong

VVD-MF Tamenglong Branch, Near Lower Ground Tamenglong W/No- 1, Tamenglong District Manipur- 795141 Mobile: +91 9402270355

#### Lakhimpur

Shri H. K. Sen H. K. Sen & Associates Milan Nagar, Ward No – 7, North Lakhimpur- 787001 Assam Mobile: +91 9435084630, 8724014541

#### Golaghat

Shri Ğ. K. Gupta G. K. Gupta & Associates Aarya Securities, G. F. Road, Alupatty, Golaghat – 785621 Assam Mobile: +91 9435054040

#### Jorhat

Society for North East Handmade Paper Development Jorhat Development Block Campus, Baghchung, Jorhat- 785011 Assam Mobile: +91 9954411439, 9706223430

#### Bomdila

Chairman, Green Saviour, Upper Sera Village Road, Opp. SBI Colony, Bomdila- 790001 Arunachal Pradesh Mobile: +91 9436837827, 7085318742, 8729889866, 9402295938

#### Ziro

Shri Hage Hyipa Chairman Tani Sankor Society Second floor Near Central Bank of India Hapoli, Ziro – 791 120 Lower Subansiri district Arunachal Pradesh Mobile: +91 8794174202, 8732801586

#### Champhai

Champhai Town Multipurpose Cooperative Society Ltd. (CTM) C/o F. Lalthantluanga Building Near Aizawl Sumo Counter Vengthlang, Champhai- 796321, Mizoram Mobile: +91 8974770485

#### Bongaigaon

C/O Seven Sisters Development Assistance Ward No. 3, Near Doordarshan Relay Center Bageswaripara, Bongaigaon-783380 Phone: (03664) 230031 Mobile: +91 7002190367

#### Kohima

Entrepreneurs Associates Next To Traffic Point, PWD Junction, NH39, PO Box 508 Kohima -797001 Phone: (0370) 2242665



## North Eastern Development Finance Corporation Limited "NEDFi House" G. S. Road, Dispur, Guwahati, Assam. PIN - 781006 Phone : +91-361-2222200, Fax : +91-361-2237733/34 Visit us: www.nedfi.com