

NABKISAN Finance Limited
(formerly Agri Development Finance (Tamil Nadu) Limited)

Board of Directors

Shri. R. Amalorpavanathan	-	Chairman
Shri. Syed Nagoor Ali Jinnah	-	Director
Dr. B.G. Mukhopadhyay	-	Director
Shri. R. Manimaran	-	Director
Shri. M. Arvind, IAS	-	Director
Shri. Sunil Haribhau Pote	-	Independent Director
Shri. Ashis Mondal	-	Independent Director

Chief Executive Officer

Shri. K. Suresh Kumar

Chief Financial Officer

Shri. S.S. Vaseeharan

Company Secretary

Smt. M. Bhuvaneshwari

Auditors

M/s. Bhandari & Keswani
Chartered Accountants
75, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034

Bankers

Indian Overseas Bank, Nungambakkam Branch, Chennai 600 034.
Axis Bank Ltd., BKC Branch, Mumbai - 400 051.

Regd. Office

Ground Floor, NABARD Tamilnadu Regional Office Building
No.48, Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034, Tamil Nadu.

Ph. No. (044) 2827 0138, 42138700

E-Mail : adftchennai@gmail.com website : www.nabkisan.org

CIN : U65191TN1997PLC037525

NABKISAN Finance Limited
(formerly Agri Development Finance (Tamil Nadu) Limited)

Board of Directors



Shri. R. Amalorpavanathan
Chairman, NKFL
Dy. Managing Director, NABARD



Shri. Syed Nagoor Ali Jinnah
CGM, NABARD, Tamil Nadu RO



Dr. B.G. Mukhopadhyay
CGM, NABARD



Shir. M. Arvind, IAS
Dy. Secretary Fin. Dept., GO TN



Shri. R. Manimaran
GM, Indian Bank



Shri. Ashis Mondal
Independent Director



Shri. Sunil Haribhau Pote
Independent Director



Shri. K. Suresh Kumar
Chief Executive Officer

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NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Regd. Office :Ground Floor, NABARD TNRO Building
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Thursday, the 22nd day of September 2016 at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd Floor), No. 48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034 to transact the following business:

Ordinary Business

1. To consider passing, with or without modification, the following Ordinary Resolution:
“RESOLVED that the Audited Balance Sheet of the company as at 31st March 2016 and the Audited Profit & Loss Account for the year ended 31st March 2016 together with the Directors' Report and Auditors' Report thereon be and are hereby adopted”.
2. To consider and if thought fit to pass, with or without modification, the following Ordinary Resolution:
“RESOLVED that a final dividend of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on the paid up equity share capital of the company, in proportion to the period of holding, as recommended by the Board of Directors be and is hereby declared.
3. To consider and if thought fit to pass, with or without modification, the following Ordinary Resolution:
“RESOLVED that pursuant to Section 139 (5) and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s.V.Senthilnathan& Co., Chartered Accountants as Statutory Auditors of the company for the year 2016-2017 as proposed by the Comptroller and Auditor General of India (CAG), New Delhi be and is hereby approved, on such remuneration as may be fixed by the Board of Directors of the Company and further resolved that the aforesaid Auditors appointed by the CAG under Section 139 (5) of the Companies Act, 2013 shall hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company”.
4. To re-appoint Shri.R.Manimaran, Director, who retires by rotation and if thought fit to pass, with or without modification, the following Ordinary Resolution:
“RESOLVED that pursuant to Section 152 (6) and other applicable provisions if any of the Companies Act, 2013, Shri. R.Manimaran, Director who retires by rotation be and is hereby re-appointed as Director of the company”.

Special Business

5. **Appointment of Shri.Pravesh Sharma as an Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED that Shri.Pravesh Sharma (DIN: 02252345), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 19.08.2016 under Section 161(1) of the Companies Act, 2013 (“the Act”) and The Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Shri.Pravesh Sharma for the office of Director be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Shri.Pravesh Sharma (DIN: 02252345), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of three years with effect from today, i.e., 22.09.2016.”

For and on behalf of the Board
For NABKISAN Finance Limited

Sd/-
K.Suresh Kumar
Chief Executive Officer

Place : Mumbai
Date :19.08.2016

Notes :

1. The members are requested to inform change of address, if any, to the company.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members are requested to send a duly verified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. Shareholders desirous of seeking any clarification on the business to be transacted at the 19th Annual General Meeting are requested to forward their queries to the Registered Office of the company, at least 10 days before the date of the meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from 16.09.2016 to 22.09.2016 (both days inclusive) for the purpose of Annual General Meeting and dividend for Financial Year 2015-16.
6. If dividend on Ordinary Shares as recommended by the Board of Directors is approved at the meeting, payment of such dividends will be made to those members whose names are on the Company's Register of Members as on 15.09.2016 (date before closure from date). Shareholders are requested to provide Bank details to facilitate payment of dividend, etc., either in electronic mode or for printing on the payment instruments.
7. Members are requested to bring their copies of Annual Report for the meeting.
8. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Pursuant to the provisions of section 149 of the Act, and Companies (Appointment and Qualification of Directors) Rules, 2014 which came in to effect from April 1, 2014, Public Companies having paid up share capital of ten crore rupees or more shall have at least two directors as independent directors, not liable to retire by rotation. The company had already appointed two Independent Directors on its Board and now it is proposed to appoint Shri.Pravesh Sharma as an Independent Director.

Shri.Pravesh Sharma was appointed as Additional Director by the Board w.e.f. 19.08.2016. The company has received notice in writing from NABARD, a member under Section 160 of the Act signifying his intention to propose the candidature of Shri.Pravesh Sharma for the office of Director.

Shri.Pravesh Sharma, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, Shri.Pravesh Sharma fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Shri.Pravesh Sharma as Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Except Shri. Shri.Pravesh Sharma, being the appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out in item no.5.

A brief profile of **Shri.Pravesh Sharma**, former IAS Officer, to be appointed as Independent Director is given below:

Shri.Pravesh Sharma is a Bachelor of Arts (Honours), History from St. Stephen's College, Delhi University, 1979 and Master of Arts, History from Delhi University, 1981. In a career spanning over 33 years, he has held numerous senior positions viz., Assistant Collector and Sub-Divisional Magistrate at Bastar district in Madhya Pradesh, Additional Collector at Bhopal, tasked with coordinating all relief and rehabilitation operations for half a million victims of the Bhopal gas disaster, District Magistrate of Seoni, Datia, Sidhi and Rajnandgaon districts in Madhya Pradesh, Director of Food and Civil Supplies for Madhya Pradesh state, Collector and District Magistrate of Bhopal, Visiting Fellow at Center of International Studies, Princeton University, USA, Director of Rural Employment for Madhya Pradesh State, Managing Director of the public sector Madhya Pradesh State Agro Industries Development Corporation Ltd., Director in Ministry of Coal, Government of India, New Delhi, Director in the Prime Minster's Office, New Delhi, Special Senior Adviser in the United Nations World Food based at New Delhi, Principal Secretary, Department of Agriculture and Cooperation, Govt. of Madhya Pradesh, Resident Commissioner, Govt. of Madhya Pradesh at New Delhi, Managing Director, Small Farmers' Agribusiness Consortium (SFAC), an autonomous body of the Ministry of Agriculture, Govt. of India.

His areas of expertise include extensive working experience in food security, agriculture, rural finance, rural development and natural resources management, including 3 years in PMO, Career focus on agriculture and food sector, at the operational as well as policy level, in Madhya Pradesh and Govt. of India, significant exposure to national and multilateral institutional environment; close working relationship with civil society institutions, Strong oral and written communications skills and Prolific writer, widely published; co-edited book on food and agriculture with Prof. M.S.Swaminathan.

He has been felicitated with various awards viz., Judged the Most Outstanding Student of the Year – 1975 at High School, Awarded Dip Chand Memorial Medal for the Best Candidate in B.A. (Hons) History Exam. Delhi University- 1979, Recipient of National Scholarship- 1979-81, Awarded Director's Silver Medal for Best Candidate in Economics and Five Year Plans by National Academy of Administration, Mussoorie in 1983.

For and on behalf of the Board
For NABKISAN Finance Limited

Sd/-
K.Suresh Kumar
Chief Executive Officer

Place : Mumbai
Date :19.08.2016

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Regd. Office :Ground Floor, NABARD TNRO Building
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege for the Directors to present the 19th Annual Report on the business and operations of the company together with the Audited Accounts for the year ended March 31, 2016. It gives us immense pleasure to inform that the company has registered improved business performance during the year and has surpassed the targets set for the year under review.

Financial Results

Our Company's performance during the financial year 2015-16 is summarized below:

(Rs. Lakh)

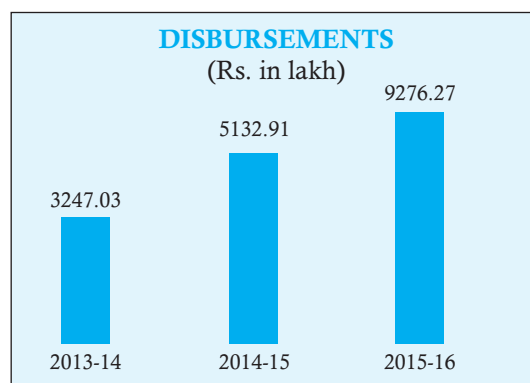
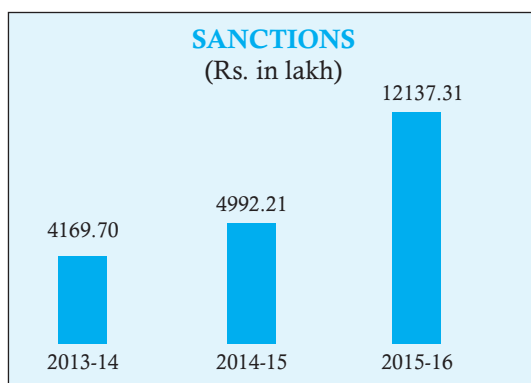
Particulars	2014-15	2015-16	Growth %
Gross Income	766.55	1461.70	91
Expenditure Including Depreciation & Extra Ordinary Items	357.54	599.69	68
Profit before tax	409.01	862.01	111
Provision for tax (current year)	135.15	265.88	97
Profit after tax (before exceptional items)	273.86	596.13	118
Reversal of earlier tax provision / Earlier Tax	1.24	0.41	-
Profit after tax	272.62	595.72	118

Reserves

The company has transferred Rs.119.14 lakh to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.54.52 lakh transferred during the previous financial year. The company has made a profit after tax of Rs.595.72 lakh during the financial year ended 31st March 2016, after taking into account the exceptional income of Rs.196.33 lakhs.

Dividend

The Board recommended a maiden dividend of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on 5,41,24,350 Equity Shares of Rs.10 each for the year ended 31st March 2016, in proportion to the period of holding. The dividend on Equity Shares is subject to the approval of the shareholders at the Annual General Meeting (AGM) scheduled on 22nd September 2016. The total dividend pay-out works out to 27% of the net profit. The Register of Members and Share Transfer Books will remain closed from 16.09.2016 to 22.09.2016 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March, 2016.



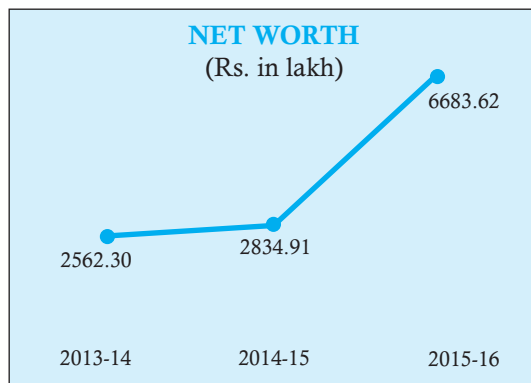
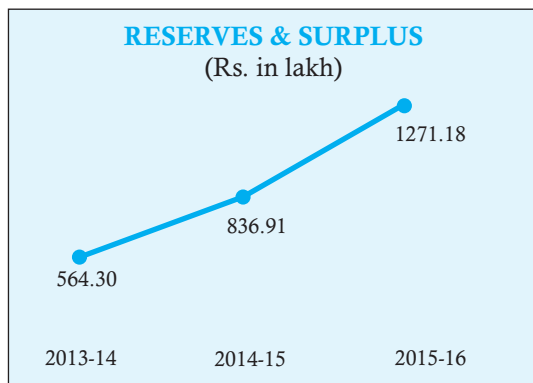
Operations and Business Performance

The highlights of operational and business performance for the year are as under:

- (1) The net profit before tax for the year ended 31.03.2016 was Rs.862.01 lakh, as against net profit of Rs.409.01 lakhs for the year 2014-15, showing a growth of 111%.
- (2) The net profit after tax, without exceptional items, has jumped to Rs.596.13 lakhs for 2015-16 from Rs 273.86 lakhs during 2014-15, registering a healthy growth of 118%.
- (3) The gross NPA has come down to 1.13% as on 31 March 2016, compared to 2.45% as on 31 March 2015.
- (4) The total assets of the company have jumped from Rs.8109.56 lakhs as on 31.03.2015 to Rs.14590.25 lakh as on 31.03.2016.
- (5) The loan outstanding has also shown a significant jump of 74% to Rs.11636.32 lakhs.
- (6) The position of borrowings as on 31.03.2016 stands at Rs.7260.76 lakh as against Rs.4848.74 lakh as on 31.03.2015.
- (7) Revenue from operations jumped from Rs.639.38 lakhs as on 31.03.2015 to Rs.1209.47 lakhs as on 31.03.2016, showing a rise of 89%.
- (8) The sanctions during the year 2015-16 have gone up to Rs.12137.31 lakh compared to Rs.4992.21 lakh, registering a growth of 143%.
- (9) The disbursements during the year 2015-16 have gone up to Rs.9276.27 lakh compared to Rs.5132.91 lakh.
- (10) The return on funds increased to 13.16% in 2015-16, as against 11.29% in 2014-15.

To explore new business opportunities and to pursue rapid business growth in future, the company has opened a Corporate Office at Mumbai during the year. Further, to facilitate future business expansion of the company to new geographical and business segments, the promoter institution NABARD and few other institutional investors have infused additional capital during the year. NABARD has contributed Rs.31.11 crore while other investors including Indian Bank, Canara Bank and TMB have contributed to a total of Rs.3.03 crore. Govt of Tamilnadu has also sanctioned an amount of Rs.3.60 crore towards the share capital.

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Future Outlook

The Board of Directors of the company has approved the following business plan of the company for the financial year 2016-17:

(Rs. Lakh)		
Sl. No	Activity	Plan
1	Activity based lending through NGOs/Trust/ Sec 25 Companies	1500.00
2	Agri corporates/ NBFCs/ State level Federations	2500.00
3	Panchayat Level Federations (PLFs)	2500.00
4	Micro Finance Institutions (MFIs)	5000.00
5	Farmers' Producer Organisations (FPOs)	2500.00
	TOTAL	14000.00

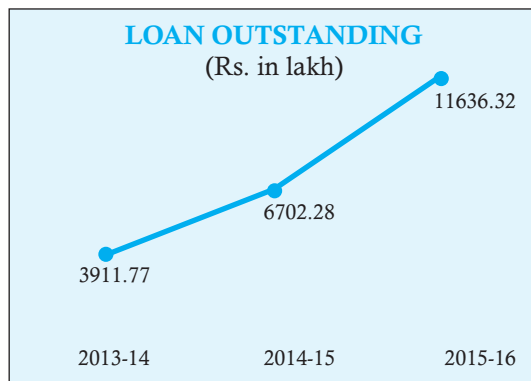
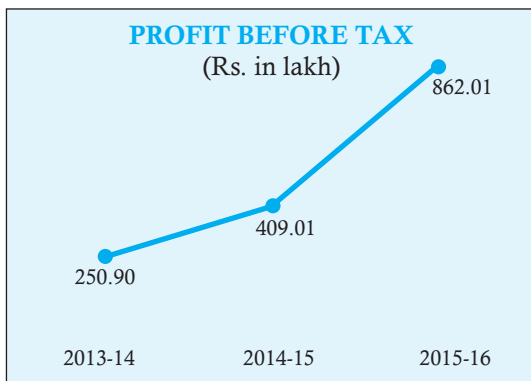
The Company foresees significant scope for expansion of business in the sectors of agriculture, microfinance, rural housing, sanitation, etc. during the year, besides lending to Farmer Producer Organizations (FPOs). Thrust will continue to be provided to financing of FPOs so as to integrate the small farmers with the agriculture market value chain and become sustainable business enterprises over a period of time. The company will continuously explore the scope for leveraging technology in a cost effective manner to reach out to the POs in interiors and meet their credit needs. Risk diversification measures will also have to be initiated to address the concentration and sectoral risks as a long term mitigation measure.

Status of NPA Accounts:

The company has one old NPA account viz., M/s. Eerattil Poultry & Agro Farms Pvt. Ltd. against which 100% provision has been made. Necessary steps have been taken for recovery of dues from the said account through legal process, viz., civil suit and criminal complaint, keeping the door open for negotiations.

During the year 2015-16, six PLF accounts involving an amount of Rs.73.44 lakhs have slipped into NPA category, for which provision of 10% as per guidelines of RBI has been made. Regular follow up is being made with the State and District project unit of PVP and also with the PLFs for improving the recovery.

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As regards M/s.Capsein Bio Lab Limited, the company had entered into a Memorandum of Understanding with Dena Bank, one of the secured creditors, who have obtained a recovery certificate from the DRT, for sharing of the sale proceeds realized from sale of the collateral security situated at Raja Annamalai Puram, Mylapore, Chennai in the ratio of 2:1 between NABKISAN Finance Ltd. and Dena Bank. The company realised an amount of Rs.302.72 lakh towards share of sale proceeds from Dena Bank during the current year 2015-16, as against the provision of Rs.106.27 lakh.

Comments by CAG and management replies

CAG has taken up the audit of the company during the year. Based on the observations of the Audit, the following replies have been furnished:

A. Balance Sheet

Reserves and Surplus (Note 3.2)

The above does not include appropriation towards special reserve, dividend proposed and dividend distribution tax, instead the appropriations made from the surplus were depicted in the Statement of Profit & Loss in violation of Schedule III of the Companies Act, 2013.

Management Reply:

In FY 2015-16, maiden dividend was declared for the first time. Hence the necessary instructions given in Schedule-III of the Companies Act, 2013 could not be followed. The company would rectify the same in the ensuing financial year.

B. Statement of Profit & Loss

Revenue from Operations (Note 4.1)

The above includes Rs.196.33 lakh being the amount of interest not accounted for and recovered through Debt Recovery Tribunal after 15 years. However, a separate disclosure was not made for realization of the amount of interest through litigation settlement as required vide Para 12 read with Para 14 (f) of the Accounting Standard 5.

Management Reply:

The company assures that in future, it shall indicate any such realization as exceptional item with proper disclosure and that the necessary modifications in the accounting policy would be carried out with the approval of Audit Committee.

Disclosures under the Companies Act, 2013

i) Extract of Annual Return

The details forming part of the extract of the annual return is enclosed in **Annexure I**.

ii) Directors & Key Managerial Personnel

R. Amalorpavanathan Chairman cum Nominee Director	Deputy Managing Director, NABARD HO, Mumbai
Dr.B.G.Mukhopadhyay Nominee Director	Chief General Manager - NABARD HO, Mumbai
Shri.Syed Nagoor Ali Jinnah Nominee Director	Chief General Manager, NABARD TNRO, Chennai
Shri.R.Manimaran Nominee Director	GM, Indian Bank, Chennai
Shri.M.Arvind, IAS Nominee Director	Deputy Secretary to Govt., Finance Dept., Chennai
Shri.Ashis Mondal Independent Director	Director & Managing Trustee, ASA, Bhopal
Shri.Sunil Haribhau Pote Independent Director	President, Yuva Mitra, Nashik
Shri.K. Suresh Kumar	Chief Executive Officer, NKFL
Shri.S.S. Vaseeharan	Chief Financial Officer, NKFL

Shri.Syed Nagoor Ali Jinnah, CGM, NABARD TNRO was appointed as Nominee Director in place of Shri. K.Venkateswara Rao, CGM, NABARD w.e.f. 14.06.2016.

iii) Number of Board Meetings

The Board of directors met six times during the year 2015-16 on 29th April 2015, 29th June 2015, 17th August 2015, 29th September 2015, 24th November 2015 and 08th March 2016.

iv) Audit Committee

In terms of Section 177 of the Companies Act, 2013, the Board had constituted an Audit Committee. The Audit Committee met four times during the year 2015-16 on 29th April 2015, 17th August 2015, 24th November 2015 and 08th March 2016.

The present committee consists of Shri.Syed Nagoor Ali Jinnah (Chairman), Shri.Sunil Pote and Shri.Ashis Mondal.

(v) Related Party Transaction

All the related party transactions are in compliance with the applicable provisions of the Act. The details of the transaction with related party are provided in the financial statements.

(vi) Declaration by Independent Directors

The Company has received the necessary declaration from each ID in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 read with the Companies (Directors' Responsibility) Rules 2000, the Directors state that:

- (a) The applicable accounting standards have been followed in the preparation of the annual accounts along with proper explanation relating to material departures, if any.
- (b) Accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- (c) Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.
- (e) The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statutory Auditors

M/s. Bhandari & Keswani, Chartered Accountants, Chennai were appointed by the CAG of India, New Delhi as Statutory Auditors for the financial year 2015-16. Further the Supplementary Audit of the company's accounts was entrusted to the The Director, Office of the Principal Director of Commercial Audit and Ex-Officio Member Audit Board, III Floor, Chennai Branch Office, FCI Building, No.8, Mayor Sathyamoorthy Road, Chetpet, Chennai -600 031 under Section 143 (5) & (6) of the Companies Act, 2013.

Secretarial Auditors

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014 inter-alia requires every Public Company having a paid-up share capital of fifty crore rupees or more to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board of Directors appointed Smt.P.R.Sudha, Practicing Company Secretary as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2015-16 and her report is annexed to this Board report vide **Annexure II**.

The Secretarial Auditor has also made the same two observations as pointed out by the CAG Auditors and the management replies are the same as furnished above.

Information on Energy, Technology and Foreign Exchange as per Section 134 of the Companies Act, 2013

Our company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings or outgo.

Employee Benefits

The company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and providing Gratuity at half a month salary for each year of completed service, after completion of five years' service, though the provisions of Employee Provident Fund Act and the payment of Gratuity Act are not applicable to the employees of the company. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

Status of the Company

The company was declared as a Deemed Government Company vide letter No.CA.V/30-2006 dated 28th August 2006 from the Comptroller and Auditor General of India, New Delhi (CAG) who will appoint the Statutory Auditors every year under Section 139 (5) of the Companies Act, 2013.

Acknowledgement

The Directors wish to place on record their appreciation for the support provided to the company by NABARD, the shareholder banks, the Government of Tamil Nadu, the client institutions and the other shareholders of the company.

For and on behalf of the Board
For NABKISAN Finance Limited

Place : Mumbai
Date :19.08.2016

Sd/-
K.Suresh Kumar
Chief Executive Officer

ANNEXURE - I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

i	CIN	U65191TN1997PLC037525
ii	Registration Date	14-02-1997
iii	Name of the Company	NABKISAN FINANCE LIMITED
iv	Category/Sub-category of the Company	PUBLIC COMPANY
v	Address of the Registered office & contact details	GROUND FLOOR, NABARD TNRO BUILDING, NO.48, MAHATMA GANDHI ROAD, NUNGAMBAKKAM, CHENNAI - 600 034
vi	Whether listed company	NO
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	—

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL.No	Name & Description of main products /services	NIC Code of the Product /service	% to total turnover of the company
1	Lending to agriculture and allied activities as also Rural Off-farm activities	801	100

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL.No	Name & Address of the Company	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	NA	HOLDING	86.22	2 (87)

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

Categorywise shareholding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	15556700	15556700	77.86	31110000	15556700	46666700	86.22	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (1)	-	15556700	15556700	77.86	31110000	15556700	46666700	86.22	-	-
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	-	15556700	15556700	77.86	31110000	15556700	46666700	86.22	-	-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	2580000	2580000	12.91	3034400	2580000	5614400	10.37	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt	-	1800000	1800000	9.01	-	1800000	1800000	3.33	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (B) (1)	-	4380000	4380000	21.92	3034400	4380000	7414400	13.70	-	-
(2) Non Institutions										
a) Bodies Corporates										
i) Indian	-	15700	15700	0.08	-	15700	15700	0.03	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individuals shareholders holding nominal share capital in upto of Rs.1 lakhs	-	27550	27550	0.14	-	27550	27550	0.05	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Other (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (B) (2)	-	43250	43250	0.22	-	43250	43250	0.08	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	4423250	4423250	22.14	3034400	4423250	7457650	13.78	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	19979950	19979950	100	34144400	19979950	54124350	100	-	-

NABKISAN Finance Limited
(formerly Agri Development Finance (Tamil Nadu) Limited)

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholders at the beginning of the year			Shareholders at the end of the year			% change in Shareholders during the year
		NO of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	1,55,56,700	77.86	-	4,66,66,700	86.22	-	-

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

Sl. No	Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	1,55,56,700	77.86	1,55,56,700	77.86
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) Preferential Allotment made on 12.01.2016	3,11,10,000	-	4,66,66,700	86.22
3	At the end of the year			4,66,66,700	86.22

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	Top 10 Shareholders	Share holding at the beginning of the Year		Shareholding at the end of the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	1,55,56,700	77.86	4,66,66,700	86.22
2	GOVT. OF TAMILNADU	18,00,000	9.01	18,00,000	3.33
3	INDIAN BANK	10,00,000	5.01	30,00,000	5.54
4	CANARA BANK	4,00,000	2.00	10,34,400	1.91
5	INDIAN OVERSEAS BANK	3,80,000	1.90	3,80,000	0.70
6	LAKSHMI VILAS BANK	2,50,000	1.25	2,50,000	0.46
7	FEDERAL BANK LTD.	2,50,000	1.25	2,50,000	0.46
8	ICICI BANK LTD.	2,00,000	1.00	2,00,000	0.37
9	TAMILNAD MERCANTILE BANK	1,00,000	0.50	5,00,000	0.92
10	PGP EDUCATIONAL AND WELFARE SOCIETY	10,000	0.05	10,000	0.02

(v) Shareholding of Directors & KMP

NIL

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	48,48,73,750	-	48,48,73,750
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	68,82,244	-	68,82,244
Total (i+ii+iii)	-	49,17,55,994	-	49,17,55,994
Change in Indebtedness during the financial year				
Additions	-	53,91,00,000	-	53,91,00,000
Reduction	-	29,78,97,643	-	29,78,97,643
Net Change	-	24,12,02,357	-	24,12,02,357
Indebtedness at the end of the financial year				
i) Principal Amount	-	72,60,76,107	-	72,60,76,107
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	81,72,076	-	81,72,076
Total (i+ii+iii)	-	73,42,48,183	-	73,42,48,183

(vii) **PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**
(Under the companies Act) -None

ANNEXURE - II

Form No.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To the Members of NABKISAN Finance Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NABKISAN Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of NABKISAN Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by THE NABKISAN Finance Limited for the financial year ended on 31.03.2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Secretarial standards (SS-1, SS-2) issued by the Institute of Company Secretaries of India;
- (iii) Reserve Bank of India Act, 1934 and notifications issued by RBI from time to time.

NABKISAN Finance Limited is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) (holding 86.22% of the shares of NABKISAN Finance Limited as on 31.03.2016) and hence is a Government Company.

NABKISAN Finance Limited has been granted certificate of registration under Section 45 IA of the Reserve Bank of India Act, 1934 to carry on the business of non-banking financial institution without accepting public deposits.

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except instances which would not materially affect the operations of the Company.

I 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. In the instances where notice is given for less than seven days, the provisions of Companies Act, 2013 and the Rules prescribed therein have been complied with. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the Management, were unanimous and therefore there were no dissenting views that were required to be recorded.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me, 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.

I further report that during the audit period,

- a) At the Annual general meeting on 29.09.2015, the members have passed a ordinary resolution under section 180 (1)(c) of the Companies Act, 2013 empowering the Board of Directors to borrow such sum of monies in any manner from time to time with or without security and upon such terms and conditions as they may think fit, notwithstanding that the moneys already borrowed by the company (apart from temporary loans of business) may exceed the aggregate of the paid up share capital and free reserves of the company that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not exceed five times the aggregate of the paid up share capital and free reserves of the company at any point of time. Even though the resolution has been mentioned as ordinary resolution in the notice to AGM, the same had been passed unanimously which constitutes 88.57% of the paid up share capital of the company (which satisfies the requirement of special resolution).
- b) At the Annual general meeting on 29.09.2015, the members have passed ordinary resolution to increase the share capital of the company from Rs.50 crores to Rs.100 crores divided into 10 crores equity shares of Rs.10 each and to modify Schedule V of the Memorandum of Association. Even though the resolutions had been mentioned as ordinary resolution in the notice to AGM, the same had been passed unanimously which constitutes 88.57% of the paid up share capital of the company (which satisfies the requirement of special resolution).
- c) At the Extra Ordinary General Meeting held on 07.01.2016, the members have passed special resolution to empower the Board to offer, issue and allot equity shares of Rs.10/- each at par to the existing institutional shareholders on preferential basis for an aggregate value of Rs.40 crores.
- d) As per Sec 177 (2) of the Companies Act, 2013, The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority. Whereas, the audit committee formed by the company comprises of 7 members out of which only 2 are independent directors. However, the same had been rectified vide Board meeting on 27.06.16.

e) As per the comments of Comptroller and Auditor General of India on the financial statements of NABKISAN Finance Limited for the year ended 31.03.2016, Reserves and Surplus does not include appropriation towards special reserve, dividend proposed and dividend distribution tax, instead the appropriations made from the surplus were depicted in the Statement of P&L in violation of Schedule III of the Companies Act, 2013. Also, separate disclosure on Rs.196.33 lakhs (being amount of interest not accounted for and recovered through Debt recovery tribunal after 15 years) was not made for realization of the amount through litigation settlement as required vide Para 12 read with Para 14 (f) of the Accounting Standard 5.

I further report that

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and have relied on the report of statutory auditors and financial statements.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The compliance by the Company of the applicable financial laws like direct and indirect taxes and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit, CAG and other designated professionals.

Place : Chennai
Date : 19.08.2016

Sd/-
P.R. SUDHA
FCS No.6046
CP No.:4468

INDEPENDENT AUDITORS' REPORT

To the Members of NABKISAN Finance Limited
(formerly Agri Development Finance (Tamilnadu) Limited)

1. Report on the Financial Statements

We have audited the accompanying financial statements of NABKISAN Finance Limited (formerly known as Agri Development Finance (Tamilnadu) Limited). ("the Company"), which comprises the Balance Sheet as at March 31, 2016 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2015 ("the Act") with respect to preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

- 3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.
- 3.2 We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 3.3 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. But such risk assessment is not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over the financial reporting and the operating effectiveness of such controls. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016.
- (b) in the case of Statement of Profit & Loss, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

We draw attention to 1.2 of the Notes on accounts with regard to the Company's compliance with RBI circular no. DNBS (PD) C.C.No.79/03.05.002/2006-07 dated Sept.21, 2006.

Our opinion is that the Company has complied with the provisions.

- 5.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
- 5.2 **As required by Section 143(5) of the Act, with regard to the Directions issued by the Comptroller and Auditor General of India, We report that:**
 - (a) **The Company does not hold any freehold / leasehold land in its Fixed Assets; hence the comment on clear title / lease deed does not arise.**
 - (b) **There are no cases of waiver/ write off of debts/ loans/ interest etc., hence other details are not applicable to the company.**
 - (c) **Since the company is a NBFC no inventories are lying with third parties. The company had received a laptop from NABARD as a Grant for financing to Producers Organisation and the same has been shown under Fixed Asset at Re.1 value.**

- 5.3. As required by section 143 (3) of the Act, we report, to the extent applicable, 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards referred under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. on the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of them is disqualified as on 31 March 2016 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 B”; and
 - g. with respect to other matter 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 Company has two pending litigations for recovering money-one of them is NPA account for a sum of Rs.58.18 Lakhs and one ICD, of Rs.355.63 Lakhs as claimed in the civil suit filed during 2001.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Bhandari & Keswani.,
Chartered Accountants,
(Firm Reg. No. 000433S)

Sd/-
P. Bhandari
Partner
(M. No. 017411)

Date : 03.05.2016
Place : Chennai

Annexure A, Referred to in paragraph 1 our report of even date

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As per information provided before us, the fixed Assets were physically verified by management during the year and no discrepancies were noticed. In our opinion, the frequency of verification is reasonable having regard to the size and nature of its business.
- c) As per information provided before us, the Company does not own any immovable property / ies and hence the inquiry on the title deeds does not arise.
- (ii) The Company being a Non-Banking Financial Company (NBFC) does not hold inventories. Hence clause (ii) of the order is not applicable to the Company.
- (iii) According to the information provided and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register mentioned under section 189 of the Companies Act, 2013. Hence clause (iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loan to its director; hence the compliance with section 185 does not arise. In the case of investments, the company had invested in the bonds, which is within the limits of 60 percent of the paid up capital of the company and hence complies with the provisions of section 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposit; hence the compliance of directive issued by Reserve Bank of India, provisions of section 73 to 76 of Companies Act 2013, nor an order by Company Law Board or National Company Law Tribunal or of any court or other tribunal does not arise.
- (vi) Since the company is a NBFC, maintenance of cost records under section 148 of the Companies Act, 2013 does not arise.
- (vii) a) According to the information provided and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance dues, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it and there are no outstanding dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- b) In respect of Income Tax for Assessment Year 2002-2003 and for Assessment Year 2003-2004 the provisions were written back during the financial year 2013-2014 on the advice that no tax is payable for those years after verifying the Income Tax Website and doing due diligence.
- c) According to the information and explanations given to us, there are no amounts due as on March 31, 2016 in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty, and cess which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) The Company had not raised any money by way of Initial Public Offer or further public offer, hence utilization of the money for the purpose for which it is raised does not applicable. The term loans have been applied for the purposes for which it was raised.
- (x) According to the information and explanations provided to us, no fraud has been noticed or reported during the year on or by the company.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) The Company is not a Nidhi Company, hence the compliance on the provisions of clause 3 (xii) is not applicable to this company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) During the year under review the company has made preferential allotment or private placement of share to its existing shareholders in compliance with the requirement of section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which it has been raised.
- (xv) The company has not entered into any non-cash transactions with directors or persons concerned with him and the provisions of section 192 of Companies Act, 2013 has been complied with.
- (xvi) Since the company is a NBFC, it is required to be registered under section 45-1A of the Reserve Bank of India Act, 1934 and the company accordingly has a Certificate of Registration, bearing number **B-07.00712** dated 25-09-2014.

For Bhandari & Keswani.,
Chartered Accountants,
(Firm Reg. No. 000433S)

Sd/-
P. Bhandari
Partner
(M. No. 017411)

Date : 03.05.2016
Place : Chennai

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Annexure - “B” to the Auditors’ Report

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

We have audited the internal financial controls over financial reporting of NABKISAN Finance Limited (‘the Company’) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the 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 safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and audit, 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Control over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. A company's internal financial control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that 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

According to the information and explanation given to us, though the company has adequate internal control system to commensurate with the size of its business, the company's management is in the process of establishing effective internal financial controls over financial reporting. The full internal financial control over financial reporting system will be in place from next year based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such financial controls were operating effectively as at March 31, 2016

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone financial statements of the Company. **This disclaimer does not affect our opinion on the standalone financial statements of the Company.**

For Bhandari & Keswani.,
Chartered Accountants,
(Firm Reg. No. 000433S)

Sd/-
P. Bhandari
Partner
(M. No. 017411)

Date : 03.05.2016
Place : Chennai

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NABKISAN FINANCE LIMITED, FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of **NABKISAN FINANCE LIMITED**, Chennai for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor/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 of the Act based on independent audit in accordance with Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **03May 2016**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of **NABKISAN FINANCE LIMITED**, for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Balance Sheet

Reserves and Surplus (Note 3.2)

The above does not include appropriation towards special reserve, dividend proposed and dividend distribution tax, instead the appropriations made from the surplus were depicted in the Statement of Profit & Loss in violation of Schedule III of the Companies Act 2013.

B. Statement of Profit & Loss

Revenue from Operations (Note 4.1)

The above includes Rs.196.33 lakh being the amount of interest not accounted for and recovered through Debt Recovery Tribunal after 15years. However, a separate disclosure was not made for realisation of the amount of interest through litigation settlement as required vide Para12 read with Para14(f) of the Accounting Standard 5.

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

Sd/-

(Dr. Ashutosh Sharma)

Principal Director of Commerical Audit &
Ex-Officio Member, Audit Board - IV

Date : 12.07.2016

Place : New Delhi

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Regd. Office :Ground Floor, NABARD TNRO Building

No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Balance Sheet as at March 31, 2016

Particulars	Note Ref	As at March 31, 2016 ₹	As at March 31, 2015 ₹
I EQUITY AND LIABILITIES			
1) Share Holders' Funds			
Share Capital	3.1	54,12,43,500	19,97,99,500
Reserves & Surplus	3.2	12,71,18,197	8,36,91,416
2) Non-current Liabilities			
Long-term borrowings	3.3	44,90,43,148	27,28,58,550
Long term provisions	3.4	1,18,64,804	2,01,78,864
3) Current Liabilities			
Trade Payable	3.5	1,62,415	10,61,662
Other current liabilities	3.6	285,219,656	21,89,02,574
Deferred tax liability (net)	3.7	(14)	11,790
Short-term provisions	3.8	4,43,72,968	1,44,51,556
Total		1,45,90,24,674	81,09,55,912
II ASSETS			
1) Non-current Assets			
Fixed Assets			
- Tangible Assets	3.9	3,05,878	3,03,922
- Intangible Assets		888	6,355
Non Current Investments	3.10	96,64,500	96,64,500
Long term loans and advances	3.11	54,61,73,073	32,69,14,149
Other non current assets	3.12	3,80,24,633	2,19,07,902
2) Current Assets			
Cash And Cash Equivalents	3.13	24,54,15,447	10,77,47,169
Short term loans and advances	3.14	61,76,56,316	34,33,31,801
Other Current Assets	3.15	17,83,939	10,80,114
Total		1,45,90,24,674	81,09,55,912

Significant Accounting Policies and Notes to accounts 1 &2

The Schedules referred to above form integral part of Financial Statements

Vide report of even date

For NABKISAN Finance Limited

Sd/- for Bhandari & Keswani Chartered Accountants Firm Reg No.000433S Sd/- P. Bhandari Partner M.No. 017411 Mumbai, 03.05.2016	Sd/- R.Amalorpavanathan Chairman Sd/- Sunil Pote Independent Director Sd/- S.S.Vaseeharan Chief Financial Officer	Sd/- K.Venkateswara Rao Director Sd/- Ashis Mondal Independent Director Sd/- M.Bhuvanewari Company Secretary	Sd/- B.G.Mukhopadhyay Director Sd/- K.Suresh Kumar Chief Executive Officer
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NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Amount in Rs.)	
LIABILITIES SIDE			
(1)	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid: (a) Debentures Secured Unsecured (other than falling within the meaning of public deposits*) (b) Deferred Credits (c) Term Loans (d) Inter-Corporate loans and borrowing (e) Commercial Paper (f) Public Deposits * (g) Other Loans (Un-secured loan - Refinance & Interim Finance from NABARD)	Amount Outstanding	Amount Overdue
		-	-
		-	-
		-	-
		-	-
		-	-
		73,42,48,183	-
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of Interest accrued thereon but not paid): (a) In the form of Unsecured debentures (b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security (c) Other public deposits	-	-
		-	-
		-	-
	Assets side:	Amount Outstanding	
(3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below): (a) Secured (b) Unsecured	1,16,35,53,260	-
(4)	Breakup of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities (i) Lease Assets including lease rentals under sundry debtors: (a) Financial Lease (b) Operating Lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	-	-
		-	-

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Amount in Rs.)
	Assets side:	Amount Outstanding
(5)	<p><u>Break-up of investments :</u> <u>Current investments :</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p>	-
	<p><u>2. Unquoted:</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) - Fixed Deposit with Banks</p>	21,41,00,000
	<p><u>Long Term Investments:</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p>	96,64,500
	<p><u>2. Unquoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p>	

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies

Prudential Norms (Reserve Bank) Directions, 1998)

(Amount in Rs.)

Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances:				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
(6)	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	-	-	-
	2. Other than related parties	1,15,00,14,695	-	1,15,00,14,695
	Total	1,15,00,14,695	-	1,15,00,14,695
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net or Provisions)	
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	-	-	-
	2. Other than related parties	-	-	-
	Total	1,83,55,441	1,83,55,441	1,83,55,441
	Particulars			Amount
(8)	Other Information			
	(i) Gross Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			1,35,38,565
	(ii) Net Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			69,86,013
	(iii) Assets acquired in satisfaction of debt			-
Vide our report of even date		For and behalf of board of directors		
for Bhandari & Keswani	Sd/- R.Amalorpavanathan Chairman	Sd/- K.Venkateswara Rao Director	Sd/- B.G.Mukhopadhyay Director	
Chartered Accountants Firm Reg No.000433S	Sd/- Sunil Pote Independent Director	Sd/- Ashis Mondal Independent Director	Sd/- K.Suresh Kumar Chief Executive Officer	
Sd/- P. Bhandari Partner M.No. 017411	Sd/- S.S.Vaseeharan Chief Financial Officer	Sd/- M.Bhuvaneshwari Company Secretary		
Mumbai, 03.05.2016				

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Regd. Office : Ground Floor, NABARD TNRO Building
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Statement of Profit and Loss for the Year Ended March 31, 2016

Particulars	Note Ref	For the year ended March 31, 2016 ₹	For the year ended March 31, 2015 ₹
I INCOME			
Revenue from Operations	4.1	12,09,47,356	6,39,38,382
Other Income	4.2	2,52,22,525	1,27,17,064
Total A		14,61,69,881	7,66,55,446
II EXPENDITURE			
Finance Cost	4.3	4,95,30,602	2,94,99,983
Employee Benefits Expenses	4.4	50,74,057	41,61,328
General Selling & Administrative Expenses	4.5	32,37,800	13,41,717
Provisions & Contingencies	4.6	19,75,259	6,97,627
Depreciation	3.9	1,51,076	53,425
Total B		5,99,68,794	3,57,54,079
III Profit before exceptional and extraordinary items and tax (I - II)		8,62,01,087	4,09,01,367
IV Extraordinary items		-	-
V Profit / (Loss) before Taxation		8,62,01,087	4,09,01,367
VI Tax Expenses			
- Earlier Tax		41,449	1,23,706
- Current Tax		2,66,00,000	1,34,91,054
- Deferred Tax		(11,804)	24,846
VII Profit / (Loss) after Tax		5,95,71,442	2,72,61,761
VIII Appropriations to the P & L A/c			
- Special Reserve @20% as per RBI Guidelines		1,19,14,288	54,52,352
- Proposed Dividend @5% to the extent paid up		1,34,13,904	-
- Dividend Distribution Tax		27,30,756	-
- Profit carried forward to Balance Sheet		3,15,12,494	2,18,09,409
IX Earning per Equity Share:			
Basic & Diluted	2.12	2.22	1.36

Significant Accounting Policies and Notes to accounts 1 & 2

The Schedules referred to above form integral part of Financial Statements
Vide report of even date

For NABKISAN Finance Limited

for **Bhandari & Keswani**
Chartered Accountants
Firm Reg No.000433S

Sd/-
R.Amalorpavanathan
Chairman

Sd/-
K.Venkateswara Rao
Director

Sd/-
B.G.Mukhopadhyay
Director

Sd/-
P. Bhandari
Partner

Sd/-
Sunil Pote
Independent Director

Sd/-
Ashis Mondal
Independent Director

Sd/-
K.Suresh Kumar
Chief Executive Officer

M.No. 017411
Mumbai, 03.05.2016

Sd/-
S.S.Vasecharan
Chief Financial Officer

Sd/-
M.Bhuvanewari
Company Secretary

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Notes to the financial statements for the year ended March 31, 2016

(All amounts in Indian Rupees, unless otherwise stated)

Note 1:

1.1 Business Overview

Agri Development Finance (Tamilnadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited company. The Company commenced its operations on April 16, 1997. The name of the company was changed to 'NABKISAN Finance Limited' (NKFL) w.e.f. 18.09.2014, to expand its area of operation on a Pan India basis.

The Company is a Non-Banking Finance Company not accepting public deposit and engaged in the business of providing financial assistance to producer organizations, agriculture & allied activities to individuals/companies and also through PLFs/Trusts/Societies, etc.

1.2 Operational Outlook

The Company being a holder of the CoR granted by RBI u/s 45-IA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 82.74% of the gross income and its financial asset (loan asset) is 79.75% of the total assets.

Note 2:

Significant Accounting Policies

2.1 Basis for preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

2.2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

2.3 Fixed Assets and Depreciation

(i) Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.

(ii) Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule II to the Companies Act, 2013.

2.4 Investments

The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. The long term investment of the company is in Bhavishya Nirman Bonds. The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-, maturing between July 2018 and October 2018. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.

The interest earned but not due during the year of above said bonds is recognized as income and classified under other non-current assets. Current investments are valued at lower of cost and market value / net asset value.

2.5 Revenue Recognition

The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and is recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).

Income not recognized by the company in respect of Non Performing Assets upto 31st March 2016 and not considered in the accounts is Rs.3,75,701/- (Previous year Rs. Nil).

2.6 Employee Benefits

The company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and providing Gratuity at half a month salary for each year of completed service, after completion of five years service, though the provisions of Employee Provident Fund Act and the payment of Gratuity Act are not applicable to the employees of the company. In case of Officers on Deputation, the Gratuity is provided at the rate of one month's pay plus dearness allowance as defined in NABARD (Payment of Gratuity to Employees) Rules, 1983 for each completed year of service (placement) and proportionately for part thereof. Provision for Gratuity is computed and provided in accordance with para 52 of Accounting standard – 15.

The leave balance is classified as Short-term. The Short-term Leave Encashment liability for the expected leave to be encashed has been measured on actual components eligible for Leave Encashment and expected Short-term leave to be availed is value based on the total cost to the Company.

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Notes to the financial statements for the year ended March 31, 2016

(All amounts in Indian Rupees, unless otherwise stated)

2.7 Re-finance loan from NABARD

The company has “Re-finance” arrangements with NABARD, and the refinance is being availed by the company after disbursement of loan, the terms of each refinance is repayable in three years with half yearly installments and interest.

The “Re-finance” arrangements are unsecured in nature and there was no default in repayment of loan installments and also interest. The following are the repayment terms:

Sl.No.	Rate of Interest	Out-standing no. of installments	Amount (Rs.)
1.	8.00%	12	10,84,00,000
2.	8.25%	6	5,05,00,000
3.	8.35%	16	16,03,66,667
4.	9.10%	18	17,75,00,000
5.	9.20%	22	5,41,33,500
6.	9.50%	50	17,51,75,940
		Total	72,60,76,107

The current maturities (payable within the period of 12 months) of “Re-finance” commitments, are classified as Current Liabilities amounting to Rs.27,70,32,959 and the remaining commitments are classified under Long term borrowing amounting to Rs.44,90,43,148 (Note Ref 3.3 & 3.6).

2.8 Taxation

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961.

In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 2013, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

2.9 Provisions and Contingencies

- i) Non-Performing Assets(NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). The company has classified six term loan accounts as NPA during the year. The company has made a provision of Rs.7,34,480/- towards provision for NPA representing 10% (sub-standard assets) of the amount of six term loan accounts. Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.
- ii) During the year, the company has recovered the entire provision amount of Rs.1,06,27,617/- made in respect of M/s. Capsein Bio Lab Limited and the same has been reversed and treated as an income under “Reversal of NPA Provision”

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Notes to the financial statements for the year ended March 31, 2016

(All amounts in Indian Rupees, unless otherwise stated)

- iii) Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.
- iv) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:
 - a. equitable mortgage of property and/or
 - b. hypothecation of assets and/or
 - c. company guarantees supported by assets and/or
 - d. decrrial debts where Courts have attached property
- v) Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs.

2.10 Cash Flow Statements

(i) Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Related Party Transaction

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 86.22% on the paid up equity capital of the company. The following payments have been made /payable by the company to NABARD and its deputation staff during the financial year 2015-16.

Particulars	Amount in Rs.	
	2015-2016	2014-2015
Office Rent (including Property & Sewage Tax)	1,25,646	1,25,646
Office Electricity Charges	35,500	36,351
Chief Executive Officer / Managing Director		
Salary	21,03,175	19,35,233
Gratuity	1,37,608	1,22,740
Reimbursement of expenses	11,91,051	7,44,834
Total	35,92,980	29,64,804

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Notes to the financial statements for the year ended March 31, 2016

(All amounts in Indian Rupees, unless otherwise stated)

There are six staff including Shri.P.N.Praveen Kumar, COO & Shri.S.S.Vaseeharan, CFO on deputation to NABKISAN Finance Ltd from NABARD. The salary and other allowances of the above staff are borne by the parent organisation, NABARD.

Investment

The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value of Rs.20,000/- each) at a cost of Rs.96,64,500 maturing between July 2018 and October 2018. On maturity the value of the same will be Rs.2,27,40,000/-

Unsecured Loan

The company obtained refinance / interim finance from NABARD. The transaction during the year is as follows:

Particulars	Amount in Rs.	
	2015-2016	2014-2015
Opening Balance	48,48,73,750	22,63,82,700
Loan received during the year	53,91,00,000	39,27,50,000
Loan repaid during the year	29,78,97,643	13,42,58,950
Closing Balance	72,60,76,107	48,48,73,750
Interest paid/payable on above	4,94,78,177	2,94,93,091

2.12 Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by number of equity shares outstanding during the year

Particulars	2015-2016	2014-2015
(A) Profit for the year after taxation (in Rupees)	5,95,71,442	2,72,61,761
(B) Number of equity shares of face value of Rs.10/- (in numbers).	5,41,24,350	1,99,79,950
(C) Basic & Diluted earnings per share (A/B) (in Rs.)	2.22	1.36

As per our report of even date

For and behalf of board of directors

For Bhandari & Keswani

Chartered Accountants,
Firm Reg. No. 000433S

**Sd/-
P. Bhandari**

Partner
M. No. 017411
Mumbai, 03.05.2016

**Sd/-
R.Amalorpavanathan**
Chairman

**Sd/-
Sunil Pote**
Independent Director

**Sd/-
S.S.Vaseeharan**
Chief Financial Officer

**Sd/-
K.Venkateswara Rao**
Director

**Sd/-
Ashis Mondal**
Independent Director

**Sd/-
M.Bhuvaneshwari**
Company Secretary

**Sd/-
B.G.Mukhopadhyay**
Director

**Sd/-
K.Suresh Kumar**
Chief Executive Officer

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 3: Notes to the Balance Sheet

3.1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Authorised Capital 10,00,00,000 equity shares of Rs.10/- each	1,00,00,00,000	50,00,00,000
Issued Capital 5,41,24,350 (Previous year 1,99,79,950) equity shares of Rs.10/- each, fully paid up	54,12,43,500	19,97,99,500
Subscribed and Paid up 5,41,24,350 (Previous year 1,99,79,950) equity shares of Rs.10/- each, fully paid up	54,12,43,500	19,97,99,500
	54,12,43,500	19,97,99,500

b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates and details of shareholders holding more than 5% shares in the company:

Name of Shareholder	March 31, 2016		March 31, 2015	
	No of Equity Shares held	%	No of Equity Shares held	%
Shares Held By Holding Company				
National Bank for Agriculture and Rural Development	4,66,66,700	86.22%	1,55,56,700	77.86%
Shares Held By Others				
Indian Bank	30,00,000	5.54%	10,00,000	5.01%

c. Reconciliation of number of shares

Particulars	Equity Shares		Equity Shares	
	Number	₹	Number	₹
	As at 31.3.2016		As at 31.3.2015	
Shares outstanding at the beginning of the year	1,99,79,950	19,97,99,500	1,99,79,950	19,97,99,500
Shares Issued during the year	3,41,44,400	34,14,44,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,41,24,350	54,12,43,500	1,99,79,950	19,97,99,500

NOTE 3: Notes to the Balance Sheet

d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back during the preceding five financial years - NIL

e. Terms & Rights attached to Equity Shares

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company has proposed a dividend @5% on the equity share during the year, in proportion to the period of holding.

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 the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

3.2 - RESERVES & SURPLUS

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Surplus in Statement of Profit and Loss		
Opening Balance	6,21,38,261	4,03,28,852
Transfer from Profit & Loss Account	4,34,26,781	2,72,61,761
Amount available for appropriation	10,55,65,042	6,75,90,613
Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934	1,19,14,288	54,52,352
Balance as at the end of the year (A)	9,36,50,754	6,21,38,261
Special Reserve		
Opening Balance	2,15,53,155	1,61,00,803
Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934	1,19,14,288	54,52,352
Balance as at the end of the year (B)	3,34,67,443	2,15,53,155
TOTAL (C) = (A) + (B)	12,71,18,197	8,36,91,416

3.3 - LONG TERM BORROWING

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Secured	-	-
Unsecured		
- Loan from NABARD	44,90,43,148	27,28,58,550
Total	44,90,43,148	27,28,58,550

3.4 - LONG-TERM PROVISIONS

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Provision for employee benefits:		
Gratuity	12,29,695	9,98,251
Provision for Standard Assets (Refer Note i)	13,50,888	7,76,171
Provision for Non-Performing Assets (Refer Note ii)	65,52,552	1,64,45,689
Interest De-Recog.on Term Loan	3,75,701	-
Interest Rebate on Term Loan	2,51,688	2,54,703
Subsidy Reserve Fund	21,04,280	17,04,050
Total	1,18,64,804	2,01,78,864

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 3: Notes to the Balance Sheet

Notes:

i) During the year, the company has made a general provision at the rate of 0.25% on the standard assets based on RBI Notification No. RBI / 2010-11 / 370 DNBS.PD.CC.No. 207 /03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs.

ii) Subsidy Reserve Fund represents an amount of Rs.13,63,900/- received from NABARD under GOI DEDS Scheme, in respect of 109 beneficiaries. It also includes Rs.3,40,150/- received from NABARD under GOI Agricultural Marketing Infrastructure Scheme in favour of M/s. Nachalur Farmers Producer Company Limited. The amount received is a backended subsidy and will be adjusted against last instalment/s.

iii) In accordance with the Guidelines issued by the RBI, the company has made a provision for Non Performing Assets (NPA) and diminution in value of investments. The details of movement in provision are as follows:

Movement in Provision for Non-Performing Assets

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Opening Balance	1,64,45,689	1,64,45,689
Add : Provision made during the year	7,34,480	-
Add : Provision utilised from Contingences	-	-
Less : Provision reversed during the year	1,06,27,617	-
Closing Balance	65,52,552	1,64,45,689

3.5 - TRADE PAYABLES

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Outstanding Expenses	1,62,415	10,61,662
Total	1,62,415	10,61,662

3.6 - OTHER CURRENT LIABILITIES

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Current maturities of Long-term debt	27,70,32,959	21,20,15,200
Interest accrued but not due on borrowings	81,72,076	68,82,244
Others		
- Withholding Taxes	14,621	5,130
Total	28,52,19,656	21,89,02,574

3.7 - DEFERRED TAX LIABILITY (NET)

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Deferred tax Asset / Liabilities as the beginning of the year	11,790	(13,056)
Add / Less: Adjustments during the year	(11,804)	24,846
Deferred tax Asset / Liabilities as at the end of the year	(14)	11,790

NABKISAN Finance Limited

(formerly Agri Development Finance (Tamil Nadu) Limited)

Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 3: Notes to the Balance Sheet

3.8 - SHORT TERM PROVISIONS		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Provisions for employee benefit		
- Leave Encashment	1,03,961	1,02,218
Others		
- Provision made against Standard Assets	15,24,346	8,58,284
- Provision for Income Tax	2,66,00,000	1,34,91,054
- Proposed Dividend @5% to the extent paid up	1,34,13,904	-
- Dividend Distribution Tax	27,30,756	-
Total	4,43,72,968	1,44,51,556
3.10 - NON CURRENT INVESTMENTS		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Investment at Cost in Bhavishya Nirman Bonds issued by NABARD (Face Value - Rs.8500 per Bond)	96,64,500	96,64,500
	96,64,500	96,64,500
Note : (a) The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.		
3.11 - LONG TERM LOANS AND ADVANCES		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Secured, Considered good:		
Term Loans	54,03,55,001	31,04,68,460
Unsecured, Considered good:		
Term Loans	-	-
Secured, Considered doubtful:		
Term Loans	58,18,072	1,64,45,689
	54,61,73,073	32,69,14,149
3.12 - OTHER NON-CURRENT ASSETS		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Unsecured, considered Good		
(a) Income accrued on Investments (Bhavishya Nirman Bonds)	86,90,941	71,85,648
(b) Advance Income Tax (net of provisions)	2,70,83,692	1,47,22,254
(c) Unamortized Expenses	22,50,000	-
	3,80,24,633	2,19,07,902

NABKISAN Finance Limited

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Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 3: Notes to the Balance Sheet

Note :

No TDS is deducted on NABARD Bonds interest.

Unamortized Expenses - An amount of Rs.37.50 lakh was paid to Registrar of Companies towards increase of authorised share capital of which one-fifth i.e Rs.7.50 lakh considered as expenditure during the year. The remaining amount of Rs. 30.00 lakh was clasified as current and non-current asset based on the provisions of Schedule III of the Companies Act, 2013.

3.13 - CASH AND CASH EQUIVALENTS

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Balances with Banks		
- In Current Account		
Indian Overseas Bank	3,11,12,870	18,71,197
Axis Bank	2,00,000	-
- In Deposit Account	21,41,00,000	10,58,75,364
Cash in Hand	2,577	608
	24,54,15,447	10,77,47,169
Deposits with Original maturity for more than 12 months	-	-
Deposits with Original maturity for more than 3 months but less than 12 months	10,45,00,000	10,58,75,364
Deposits with Original maturity for less than 3 months	10,96,00,000	-

3.14 - SHORT-TERM LOANS AND ADVANCES

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Credit Facilities		
Secured considered good	60,96,59,694	34,33,13,678
Unsecured, considered good	-	-
Secured, Considered Doubtful:	77,20,493	-
Other Loans and Advances		
Deposits & Prepaid Expenses	2,76,129	18,122
	61,76,56,316	34,33,31,801

3.15 - OTHER CURRENT ASSETS

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Unsecured considered Good		
Income accrued on Fixed Deposits	10,33,939	10,80,114
Unamortized Expenses	7,50,000	-
	17,83,939	10,80,114

NABKISAN Finance Limited
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Accompanying notes to the financial statements for the year ended March 31, 2016

Schedule 3.9 - Fixed Assets

(Amt. in Rupees)

Year	Particulars	Tangible Assets				Computers (Net Work)	Total	Intangible Assets		Grand Total
		Furniture	Office Equipments	Computers	Computers (Net Work)			Software		
Cost or Valuation										
2014-15	As at 1st April 2014	5,05,749	67,275	3,71,130	-	9,44,154	17,750	9,61,904		
	Additions	34,778	1,20,341	99,500	-	2,54,619	-	2,54,619		
	Disposals / Adjustments	-	58,900	-	-	58,900	-	58,900		
	As at 31st March 2015	5,40,527	1,28,716	4,70,630	-	11,39,873	17,750	11,57,623		
2015-16	As at 1st April 2015	5,40,527	1,28,716	4,70,630	-	11,39,873	17,750	11,57,623		
	Additions	-	-	1,21,779	25,785	1,47,564	-	1,47,564		
	Disposals / Adjustments	-	-	-	-	-	-	-		
	As at 31st March 2016	5,40,527	1,28,716	5,92,409	25,785	12,87,437	17,750	13,05,187		
Depreciation										
2014-15	As at 1st April 2014	4,62,252	59,537	3,23,857	-	8,45,646	7,158	8,52,804		
	Charge for the year	12,495	7,861	28,832	-	49,188	4,237	53,425		
	Disposals	-	58,883	-	-	58,883	-	58,883		
	As at 31st March 2015	4,74,747	8,515	3,52,689	-	8,35,951	11,395	8,47,346		
2015-16	As at 1st April 2015	4,74,747	8,515	3,52,689	-	8,35,951	11,395	8,47,346		
	Charge for the year	9,790	62,783	69,343	3,692	1,45,608	5,468	1,51,076		
	Disposals	-	-	-	-	-	-	-		
	As at 31st March 2016	4,84,537	71,298	4,22,032	3,692	9,81,559	16,863	9,98,422		
	Net Block									
	At 31st March 2015	65,780	1,20,201	1,17,941	-	3,03,922	6,355	3,10,277		
	At 31st March 2016	55,990	57,418	1,70,377	22,093	3,05,878	888	3,06,766		

Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 4: Notes to the Statement of Profit and Loss

4.1 - REVENUE FROM OPERATIONS		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Interest	11,52,69,721	5,86,67,994
Processing Fee	56,77,635	52,70,388
	12,09,47,356	6,39,38,382
4.2 - OTHER INCOME		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Interest on		
- Term Deposit	1,30,88,288	1,12,75,169
- Investment	15,05,293	13,81,847
Misc. Income	1,327	60,048
Reversal of NPA Provision	1,06,27,617	-
	2,52,22,525	1,27,17,064
4.3 - Finance Costs		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Interest on NABARD		
- Refinance term loans	4,94,78,177	2,94,93,091
Interest Rebate on Term Loan	52,425	6,892
	4,95,30,602	2,94,99,983
4.4 - Employee Benefit Expenses		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Salaries & Allowances	34,68,870	30,98,506
Contribution to Welfare Fund	2,79,260	2,40,537
Staff Welfare Expenses	13,25,927	8,22,285
	50,74,057	41,61,328

Accompanying notes to the financial statements for the year ended March 31, 2016

NOTE 4: Notes to the Statement of Profit and Loss

4.5 - General Selling & Administrative Expenses		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Communication charges	69,950	53,824
Insurance	1,109	525
Legal and professional & consultancy fees	5,00,450	1,37,166
Statutory Audit Fee	91,600	51,300
Tax Audit Fee	20,013	8,550
Electricity & Water Charges	35,500	36,351
Printing and Stationary	2,32,468	1,06,001
Rent	125,646	1,25,646
Rates and taxes	8,46,047	61,357
Travel & conveyence	5,91,518	5,67,403
Repairs and maintenance	56,672	47,291
Office expenses	1,35,628	1,24,497
Administration expenses	5,31,198	21,806
	32,37,800	13,41,717
4.6 - Provisions and Contingencies		
Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Provision for NPA	7,34,480	-
Provisions for Standard Assets	12,40,779	6,97,627
	19,75,259	6,97,627

NABKISAN Finance Limited
(formerly Agri Development Finance (Tamil Nadu) Limited)

Regd. Office :Ground Floor, NABARD TNRO Building
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Cash Flow Statement for the year ended March 31, 2016

Particulars	March 31, 2016 ₹		March 31, 2015 ₹	
Cash Flow from Operating Activities				
Net Profit before taxation and extraordinary items		8,62,01,087		4,09,01,367
Adjustment for:				
Interest Income	(1,45,93,581)		(1,26,57,016)	
Provision for NPA	(98,93,137)			
Depreciation	1,51,076		53,425	
Profit on Sale of Assets	-	(2,43,35,642)	(4,483)	
Operating profit before working capital changes		6,18,65,445		(1,26,08,074)
Adjustment for:				
Increase / (Decrease) in Secured Advances	(49,33,25,434)		(27,90,51,094)	
Increase in Advances & Deposits recoverable in cash or kind	(47,63,299)		(5,895,859)	
Increase / (Decrease) in current liability & provisions	6,76,64,716		27,31,90,670	
		(43,04,24,016)		(1,17,56,283)
Cash generated from Operations		(36,85,58,571)		1,65,37,010
Direct Taxes paid (net of refunds)		(2,58,93,941)		(1,36,14,760)
Extraordinary item		-		-
Net Cash from Operating Activities		(39,44,52,512)		29,22,250
Cash flow from Investing activities				
Purchase of Fixed Assets	(1,47,564)		(2,54,619)	
Sale of Fixed Assets	-		4,500	
Interest Income	1,46,39,756		1,26,57,016	
Net Cash flow investing activities		1,44,92,192		1,24,06,897
Cash flow from Financing Activities				
Increase in Share capital		34,14,44,000		-
Increase in Long term Debt		17,61,84,598		-
Net cash from Financing Activities		51,76,28,598		-
Net increase in cash and cash equivalents		13,76,68,278		1,53,29,147
Cash and cash equivalent at beginning of the year		10,77,47,169		9,24,18,022
Cash and cash equivalent at end of the year		24,54,15,447		10,77,47,169

Vide our report of even date

For NABKISAN Finance Limited

for **Bhandari & Keswani**
Chartered Accountants
Firm Reg No.000433S

Sd/-
P. Bhandari
Partner
M.No. 017411

Mumbai, 03.05.2016

Sd/-
R.Amalorpavanathan
Chairman

Sd/-
Sunil Pote
Independent Director

Sd/-
S.S.Vaseeharan
Chief Financial Officer

Sd/-
K.Venkateswara Rao
Director

Sd/-
Ashis Mondal
Independent Director

Sd/-
M.Bhuvaneswari
Company Secretary

Sd/-
B.G.Mukhopadhyay
Director

Sd/-
K.Suresh Kumar
Chief Executive Officer

ATTENDANCE SLIP
(To be presented at the entrance)

19th Annual General Meeting at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd Floor), New No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Folio No.....

Name of the Share Holder :

Signature :

Only shareholders / proxies / representatives are allowed to attend the meeting.

NABKISAN FINANCE LIMITED
(formerly Agri Development Finance (Tamil Nadu) Limited)
PROXY FORM

I / We.....of..... in the district ofbeing a member (s) of the above named NBFC, hereby appoint Shri..... of in the district of or failing which Shri.....of..... in the district of as my / our proxy to attend and vote for me / us and on my / our behalf at the 19th Annual General Meeting of NABKISAN Finance Limited to be held on 22nd day of September 2016.

Ledger No.:.....

No. of Shares Held

Signed this day of September 2016.

Signature

(affix 1 Re.
Revenue
Stamp)