



nabfins

ANNUAL REPORT 2021-22

NABFINS LIMITED

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Azadi Ka
Amrit Mahotsav





Vision

“To become the model mFI in the country.”

Mission

“To be a trusted, client centric financial institution
advancing hassle free services to the low income
household and the unorganised sector”

ANNUAL REPORT 2021-22



NABFINS Limited

(Formerly NABARD Financial Services Limited)

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BOARD OF DIRECTORS



Shri S V Ranganath, IAS (Retd.)
Chairman & Independent Director



Shri L K Atheeq, IAS
Nominee Director,
Govt. of Karnataka



Shri Niraj Kumar Verma
Nominee Director,
NABARD



Shri Manoj Kumar Sharma
Independent Director



Shri T Ramesh
Nominee Director, NABARD



Dr. Deepali Pant Joshi
Independent Director



Shri K Udaya Bhaskara Reddy
Independent Director



Shri B Sreenivasa Rao
Nominee Director,
Union Bank of India



Shri Ajay Kumar Kapur
Independent Director



Smt. Sindhu K.A.
Nominee Director,
Canara Bank



Dr. Diwakar Hegde
Managing Director

FROM THE CHAIRMAN'S DESK



As I look back over the last year, I appreciate the remarkable performance of the Company in the most challenging situation faced by the entire microfinance sector. Despite the COVID 2.0 after-effects, which hit the rural lives and livelihood, your company performed exceedingly well during the year surpassing the expectations of the Board.

Our purpose has always been to touch and improve the lives of our clients, especially the women clients which are the focus of our core activities. We have not only done exceedingly well in terms of financial performance, but also contributed towards helping clients & communities in numerous ways, despite all odds. The first quarter of the year remained under partial nationwide lockdown, restricting the movement of clients as well as staff and we could do meagre business. Even the second quarter was marred by lesser recoveries as the livelihood of customers was adversely affected. As a result of this, Board approved the revised business projections for the Company. However, we bounced back after second half of the year and achieved excellent results with all our efforts of all members of Team NABFINS. Your company has clocked 105% achievement as against the revised targets.

On the business front, the Company faced many challenges initially but weathered the pandemic very well to overcome the situation. What happened in the previous two years was a turning point for NABFINS and forced us to look beyond our previous journey map. The Company adapted quickly and embraced a model that prioritized the health and wellbeing of the employees first, while ensuring continued support to customers not just in their business operations but also in their growth and transformation journeys.

I am sure, all our stakeholders understand the demand of the time and encourage NABFINS to continue its journey to support rural masses and needy people of society to fulfil their dreams of better life and smile on their faces. A sincere thanks to our Board for their continuous guidance and support. We are really blessed and proud by having wonderful and learned members in our Board. Every single individual on our Board extended their full support to the management in this crucial juncture and I am sincerely thankful to all of them.

I profusely thank each and every client of the Company and assure that they would continue to remain our focus. Further, I would appreciate the efforts of the staff of NABFINS, most of whom are working at the field level for putting their efforts in bringing back the Company into shape. I promise that the pathway of NABFINS continues to enhance the livelihood of its clients by facilitating their economic and social mobility. I also thank NABARD, the promoter, shareholders including Government of Karnataka, Canara Bank, Union Bank of India, Bank of Baroda, Federal Bank, Dhanlaxmi Bank, Government of India, Reserve Bank of India, Comptroller and Auditor General of India and other stake holders who have extended their full support to the Company.

S V Ranganath
Chairman

FROM THE MANAGING DIRECTOR'S DESK



At the outset, I place on record our sincere appreciation to Shri Jiji Mammen, who was the Managing Director of the Company till May 31, 2022, for his leadership in driving the Company from June 2020 till May 2022. I am thankful to NABARD for giving me an opportunity to head the Company and being a part of Board of Directors of NABFINS. I have taken over the charge as the Managing Director of the Company from June 01, 2022 and would like to assure all stakeholders that the roadmap set by past MDs will be followed with great vigour and we will surely surpass the previous achievements.

It is my privilege to share my message and thoughts with all of you. As Managing Director of NABFINS Limited (formerly known as NABARD Financial Services Limited),

I would first like to thank our shareholders and the Board of Directors for their support. It is an honour to me to present the Annual Report of your Company for the Financial Year 2021-22.

The year 2021-22 was milestone year for all of us as the Company turned 25. Although the Company was transformed to a new entity, i.e; NABFINS Limited, the original registration of the Company is still valid. Hence, on the eve of the Company's Anniversary, the Company had a virtual celebration on 25th February 2022 to celebrate its Silver Jubilee Anniversary.

I feel honoured to share our 25 years of momentous journey. Your Company was originally incorporated as Karnataka Agri Development Finance Company Limited on 25th February, 1997 and over the years its structure went under various changes with NABARD being the major promoter and shareholder. With the objective of making the Company as model micro finance institution in the country which will set high standards and benchmarks for the mFI sector, the Company's erstwhile name - 'Karnataka Agri Development Finance Company Ltd.' was changed to 'NABARD Financial Services Limited' during the year 2008. In 2019, the name of the Company was changed to 'NABFINS Limited', to create a distinct brand identity for the Company. Your Company is working with a corporate mission to become a client centric mFI providing hassle free financial services to low income households especially in rural areas.

During the year under review, the Company had faced challenges especially after the back to back two waves of pandemic leaving a deep impact on the functioning of entire mFI sector. On the one hand there was loss of lives and livelihood coupled with restricted movement of staff due to continuous lockdowns which resulted in hit on business and recoveries. However, Team NABFINS has shown tremendous grit and determination to overcome all these hurdles and bounced back from second quarter onwards. I am extremely happy to share that your company has delivered excellent results despite all odds. We have achieved 105% of our revised business targets with a disbursements of ₹1288.24 crore during the FY. The portfolio under 'Business & Development Correspondent' vertical reached ₹608.24 crore against ₹410.88 crore in previous year. Further under 'Direct Lending' vertical, being considered a core area for our future expansion, reported rapid growth. We expanded our operations with opening of 53 new Direct Lending branches across states. We further added one more geography viz. Rajasthan with opening of new region having five branches under its control. The portfolio under 'Direct Lending' vertical reached ₹644.79 crore against ₹287.40 crore in previous year. We have also shown improvement in recovery and reduction in NPAs despite tough situation. The net profit of the company also increased from ₹20.37 crore during 2020-21

to ₹31.73 Crore during 2021-22. The balance sheet of the company also reached ₹1723 Crore during the year as against ₹1619 Crore recorded during previous FY.

In addition to extending credit, your Company extends its support to the needy people of the society through its CSR activities. The company focused on the areas such as health, hygiene and education by constructing toilets, providing safe drinking water and providing assistance in establishing assets for imparting education digitally.

Your Company is in the process of migration to a new software called “Centralised Loan Management and Account System (CLMAS), with the help of NABARD. The Company is adopting a balanced approach while attempting to customize the solution to meet the needs of the Company so as to improve the efficiency and efficacy.

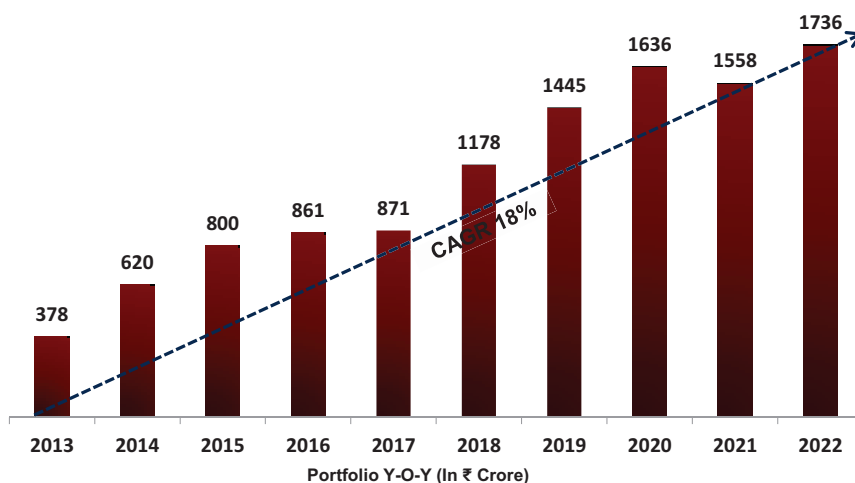
Before I conclude, I would like to thank all our shareholders for extending their support for the growth of the Company. My special thanks to the Board of Directors and Chairman, Shri S V Ranganath for their guidance and support throughout the year. I would also like to thank all staff members and partners of NABFINS for the performance we achieved during the FY 2021-22.

The company is determined to expand its operations & branches in different parts of the country in the financial year 2022-23. I extend my utmost & sincere gratitude to NABARD, shareholders and Board of Directors for their continuing support to our company. I extend my thanks to all stakeholders for the confidence reposed in us and assure that NABFINS will continue to be an organisation to compliment with its tagline “Balancing Business with Inclusion” in its true spirit.

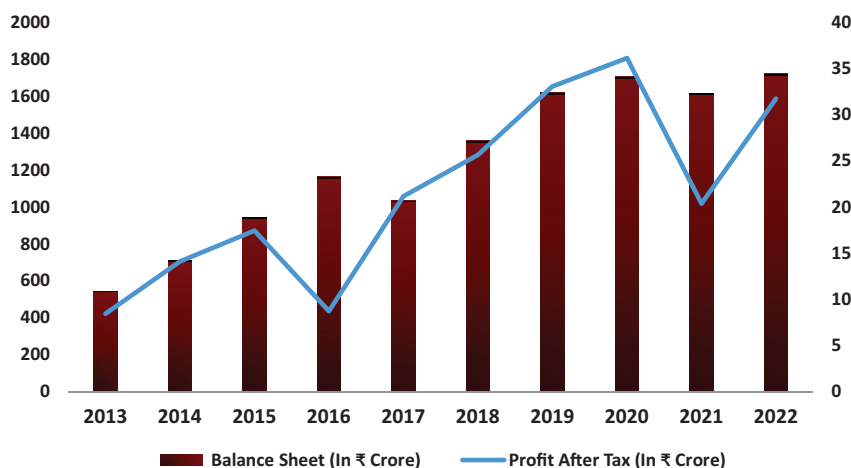
Dr. Diwakar Hegde
Managing Director

BUSINESS TRENDS

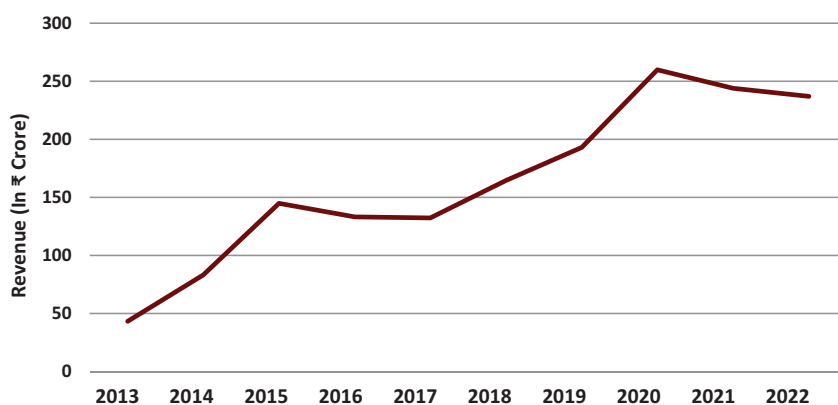
1. Portfolio



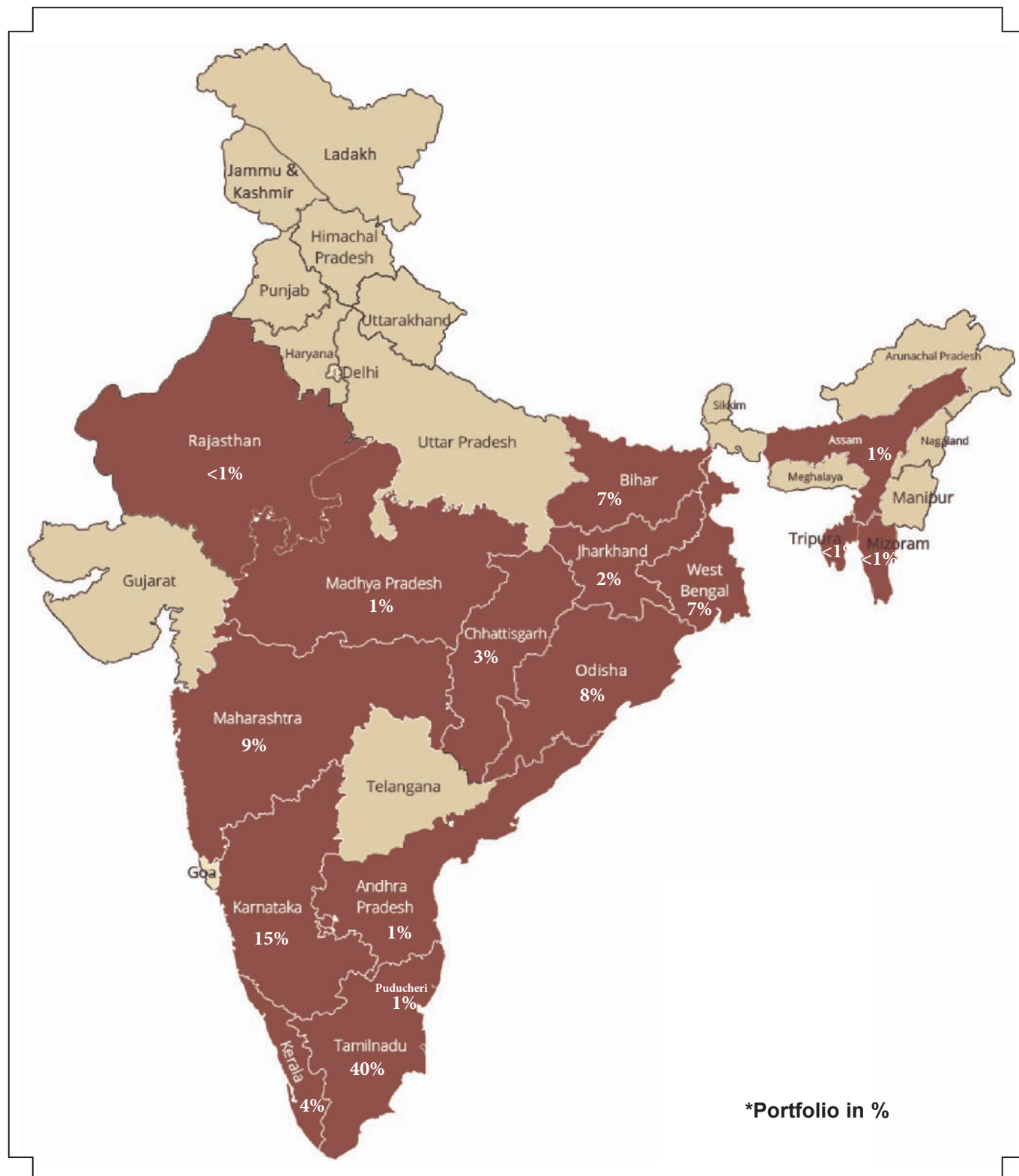
2. Balance Sheet Size and Profit



3. Revenue from Operations (In ₹ Crore)



OUR MICROFINANCE PORTFOLIO PENETRATION



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 25th Annual Report together with the audited financial statements of your Company for the year ended March 31, 2022.

Financial Highlights & Analysis

The total assets of the Company as on March 31, 2022 was ₹1723 crore as compared to ₹1619 crore on March 31, 2021, reporting an increase of ₹104 crore during the year. Growth of assets increased by 6.42% compared to corresponding previous year. The total income of the Company for the year under review is ₹247.48 crore which is 3.16% lower than the total income of ₹255.54 crore for the previous year. The profit before tax is ₹42.73 crore for the year ended March 31, 2022 as against ₹45.37 crore for the corresponding previous year.

The summarized financial results for the year ended March 31, 2022 are as under:

(₹In Crore)

Particulars	FY 2021-22	FY 2020-21
Income from Operations	237.04	243.87
Other Income	10.44	11.66
Total Income	247.48	255.54
Less: Total Expenditure	204.74	210.17
Profit Before Tax	42.73	45.37
Profit After Tax	31.73	20.37

Dividend

Due to Covid-19 pandemic situation, the Company was not in a great position to declare dividend for last two years. Thus there was a dividend holiday for the last two years. For financial year 2021-22 also the Directors recommend for retention of profits. Hence, there will be a dividend holiday for FY 2021-22.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

No dividend remained unclaimed / unpaid during the preceding financial year as the dividend was not proposed and declared.

Reserves

In accordance with section 45-IC of Reserve Bank of India Act, 1934, the Company has transferred a sum of ₹6.35 crore, being 20% of the profit after tax for the FY2021-22, to statutory reserve.

Operational Highlights

During the year 2021-22, your Company was operating in 182 districts in 15 States and Union Territory of Puducherry, through its 230 branches which include 169 Direct Lending branches. In order to expand our business under Direct Lending vertical, Company opened 49 new branches during the year. The Company also started full-fledged operations in Rajasthan with opening of Udaipur Region, having 05 branches under its operations. In order to have quality portfolio under BC vertical, Company has focused on business through only good working BCs. In order to diversify, Company also launched a Pilot on Retail Lending from two branches one each in Maharashtra and Karnataka.

Particulars	2021-22	2020-21	% Change
No. of States & Union Territories Covered	16	16	0%
No. of Districts Covered	182	171	6%
No. of Partners	303	335	-10%
No. of Groups Financed - Partnership Model	17,930	11,670	54%
No. of Clients - Direct Lending Model	1,76,482	81,739	116%
Amount Disbursed (₹ crore)			
Partnership Model	608.24	410.88	48%
Direct Lending Model	644.79	287.40	124%
Second Level Institutions (SLIs)	35.20	68.00	-48%
PTSPL	0.00	0.00	0%
New Product	0.043	0.00	0%
Total Disbursement	1288.24	766.28	68%
Loan Outstanding	1736.47	1558.37	11%

Apart from above, through NBFCs and SLIs funded by NABFINS, households in Haryana, Punjab, Uttar Pradesh, Gujarat, New Delhi and Telangana are also indirectly supported.

Disbursements during the reporting period increased by 68% year on year basis under all the business verticals. While under partnership model there was an increase of 48%, under Direct Lending vertical lending disbursements increased by 124% supported by good business by new DL branches.

Company's loan portfolio increased from ₹1558.37 crore to ₹1736.47 crore registering a YOY increase of 11%.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company, to which the financial statements relate, and the date of the report

NIL

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

NIL

SHARE CAPITAL

Authorized Capital

There was no change in authorized capital of the Company during the year 2021-22 and at the financial year ended March 31, 2022, it stood at ₹200 crore, divided into 20 crore equity share at face value of ₹10 each.

Paid up Capital

There was no fresh capital infusion during the period under review.

The brief shareholding as at the year ended March 31, 2022 is appended below:

Sl. No.	Name of the Shareholder	Share Capital (in ₹ Lakh)		% to the total paid up capital as on 31.03.2022
		as on 31.03.2022	as on 31.03.2021	
1	NABARD	10,200.63	10,200.63	63.10
2	Gov. of Karnataka	2,980.00	2,980.00	18.43
3	Canara Bank	1,600.00	1,600.00	9.90
4	Union Bank of India	850.00	850.00	5.26
5	Bank of Baroda	500.00	500.00	3.09
6	Federal Bank	25.00	25.00	0.16
7	Dhanlaxmi Bank	10.00	10.00	0.06
8	Individual Shareholders	Negligible	Negligible	-
	Total	16,165.63	16,165.63	100

STATUTORY COMPLIANCE

Deposits from Public

The Company being NBFC-NDSI, does not accept deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Companies Act, 2013

Loans, Guarantees and Investment by the Company

The Company, being a non-banking finance company registered with the Reserve Bank of India and engaged in the business of granting loans and finance in the ordinary course of its business, is exempt from complying with the provisions of Section 186 of the Act, in respect of loans and guarantees. Accordingly, the disclosures of the loans as required under the aforesaid section have not been given in this report.

Related Party Transactions

The details of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 are furnished in Annexure-I and forms part of this Report.

Conservation of Energy and Technology Absorption, Foreign Exchange earnings & outgo

The provisions of section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 relating to the conservation of energy and technology absorption do not apply to your Company. There were no foreign exchange earnings or outgo during the year under review.

Internal Financial Controls

Your Company has in place, adequate internal financial controls to detect and prevent frauds & errors and ensure accuracy and completeness of the accounting records relevant to the preparation and presentation of financial statements.

Annual Return

The Annual Return of the Company for the financial year ended March 31, 2022, as per provisions of section 134(3)(a) of the Companies Act, 2013 will be available on the Company's website at www.nabfins.org

Corporate Social Responsibility

During the year under review, your Company, under its CSR mandate focused to support the activities under health & sanitation, making available safe drinking water, education and skill development training.

In July 2021, Raigad district in Maharashtra was affected by the floods including Mahad and Poladpur blocks of Raigad District wherein the company has its operations. Considering the emergency of the matter a support for the relief was provided by the Company.

Keeping in view the ongoing pandemic and the need of medical infrastructure, your Company, during the year under review, sanctioned a project specifically for procurement of medical equipment for the treatment of patients.

In addition, some projects were given a support for creating the sanitation facilities at the Govt. Hospital(s) and/or the Govt. Schools and three projects were supported for imparting education digitally. A detailed report as mandated under the provisions of the Companies Act, 2013 is annexed vide Annexure-II which forms part of this report.

AUDITORS

Inspection by RBI

The Reserve Bank of India conducted an Inspection of the Company from June 22, 2022 to July 04, 2022, for the financial year 2021-22 at Head Office of the Company. The inspection report from RBI was received on August 12, 2022 and the Company is in the process of submitting compliance thereon.

Inspection by NABARD

During March 2022, NABARD had conducted the inspection of your Company for the Financial Year 2020-21. The Inspection report received from NABARD on May 10th 2022 was duly discussed by the Board of Directors in their 124th meeting held on May 31, 2022 together with compliance thereon.

Vigilance Inspection by NABARD CVC

There were no inspection by NABARD CVC during FY2021-22.

Supplementary Audit by C&AG

Comptroller & Auditor General of India vide their report dated July 20, 2022 forwarded 'Nil Comments' Certificate under section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended March 31, 2022. The audit report is appended and forms part of this report.

Statutory Audit

In pursuance of Section 139 of the Companies Act, 2013, the Comptroller & Auditor General of India had appointed M/s. P Chandrasekhar, LLP, Chartered Accountants, Bengaluru as the Statutory Auditors of the Company for the year 2021-22.

The report of the Auditors is self-explanatory and does not contain any qualification, reservation or adverse remark and therefore, in the opinion of the Directors, does not call for further comments.

Further, the Comptroller & Auditor General of India had appointed M/s. P Chandrasekhar, LLP, Chartered Accountants, Bengaluru as the Statutory Auditors of the Company for the year 2022-23.

Reporting of Fraud

The auditors of the Company have not reported any fraud as specified under the second provision of Section 143(12) of the companies Act, 2013.

Secretarial Audit

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Rules made there under, 'Manish Mishra & Associates', Lucknow represented by Sh. Manish Kumar Mishra, a practicing Company Secretary (FCS No.10316), holding Certificate of Practice No. 15281, was appointed as Secretarial Auditor of the Company to conduct the secretarial audit for the financial year 2021-22. The Secretarial Audit Report received for 2021-22 is self-explanatory and does not contain any qualifications, reservations or adverse remarks, except two observations which are mentioned in their report. The Audit Report is appended as Annexure III and forms part of this report.

Internal Audit

Pursuant to provisions of RBI Directions and Companies Act 2013 Shri S K Karthick Gopal, Asst. General Manager, Internal Audit Department of the Company is designated as the Internal Auditor. The periodical review reports received from the internal auditors were placed before the Audit Committee in its meetings every quarter.

Concurrent Audit

Concurrent audit exercise is taken up by the Internal Audit Department. Concurrent Audit report combined with Internal Audit report are being placed before Audit Committee.

Corporate Governance

Directors

Changes in the Board and Key Managerial Personnel during the Year

During year under review, Canara Bank nominated Smt. Sindhu K A in place of Shri M Paramasivam, as Nominee Director on the Board of the Company.

During 24th Annual General Meeting of the Company held on September 28, 2021, the designation of Dr. Deepali Pant Joshi and Shri K Udaya Bhaskara Reddy was changed from Additional Directors to Independent Directors. Further, during 24th Annual General Meeting of the Company, Shri Manoj Kumar Sharma who completed his first term as Independent Director on the Board of the Company till the close of business on February 24, 2021 was reappointed for second term of three years (for the period from February 25, 2021 to February 24, 2024).

Shri S V Ranganath was appointed as the Non-executive Chairman and Independent Director on the Board of the Company with effect from October 01, 2021 in place of Shri J K Mohapatra, who vacated the office from the close of business from September 30, 2021.

The tenure of Dr. Charan Singh, the Independent Director, came to an end on September 30, 2020. Shri Ajay Kumar Kapur was appointed as the Independent Director on the Board of the Company, with effect from October 01, 2021.

Shri K S S Prasad, Chief Financial Officer and Key Managerial Personnel of the Company demitted office, on his superannuation, from the close of business on March 31, 2021. Shri Sanjay Kumar was appointed as the Chief Financial Officer and Key Managerial Personnel of the Company with effect from April 29, 2021.

Ms. Savitri Hegde, Company Secretary and Key Managerial Personnel of the Company, resigned from the post of Company Secretary from close of business from June 30, 2021. Ms. Sumati Sharma was appointed as the Company Secretary (cum Chief Compliance Officer) and Key Managerial Personnel of the Company with effect from July 01, 2021.

Your Directors place on record their sincere appreciation for the valuable guidance provided by S/Shri J K Mohapatra, Dr. Charan Singh and M Paramasivam, during their tenure as Director(s) of the Company. Your Directors also acknowledge and place on record their sincere appreciation for the contribution made by Shri J K Mohapatra during his tenure as Chairman and Ms. Savitri Hegde during her tenure as Company Secretary and Key Managerial Personnel of the Company.

After closure of financial year 2021-22, Shri Jiji Mammen, the then Managing Director of the Company, vacated the office from the close of business on May 31, 2022 due to his superannuation. Dr. Diwakar Hegde was appointed as the new Managing Director in place of Shri Jiji Mammen with effect from June 01, 2022, subject to the approval of shareholders in its 25th Annual General Meeting scheduled in September 2022.

Meetings Held

During the financial year 2021-22, the Board met five times and particulars of the Board Meeting together with details on directors' attendance are furnished below:

	Total Attendance (in %)	Board Meeting Attendance Record for FY2021-22				
		April 29, 2021	July 18, 2021	Sept. 28, 2021	Nov. 18, 2021	March 04, 2022
Shri J K Mohapatra	100	√	√	√	NA	NA
Shri S V Ranganath	100	NA	NA	NA	√	√
Shri L K Atheeq, IAS	20	LOA	LOA	LOA	√	LOA
Shri Niraj Kumar Verma	80	√	√	√	√	LOA
Shri T Ramesh	100	√	√	√	√	√
Shri B Sreenivasa Rao	80	√	LOA	√	√	√
Shri M Paramasivam	100	√	NA	NA	NA	NA
Dr. Charan Singh	67	LOA	√	√	NA	NA
Shri Manoj Kumar Sharma	80	LOA	√	√	√	√
Dr. Deepali Pant Joshi	100	√	√	√	√	√
Shri K Udaya Bhaskara Reddy	100	√	√	√	√	√
Smt. Sindhu K A	25	NA	LOA	√	LOA	LOA
Shri Ajay Kumar Kapur	100	NA	NA	NA	√	√
Shri Jiji Mammen	100	√	√	√	√	√
LOA – Leave of absence / Absence		NA – Not Applicable				

LOA – Leave of absence / Absence

NA – Not Applicable

Note:

- Smt. Sindhu K A was appointed as Nominee Director on the Board of the Company with effect from June 09, 2021
- Shri J K Mohapatra and Dr. Charan Singh, vacated the office as Independent Directors on the Board of the Company, with effect from September 30, 2021
- Shri S V Ranganath and Shri Ajay Kumar Kapur, were appointed as Independent Directors on the Board of the Company, with effect from October 01, 2021.

Committees of the Board

Following were the various Committees of the Board and their composition as at the financial year ended March 31, 2022 together with particulars on number of Committee Meeting(s) held during the year under review:

Particulars of the Board Committees	Composition *	Meeting(s) held during financial year 2021-22
Audit Committee	1. Niraj Kumar Verma, Nominee Director (C) 2. Dr. Deepali Pant Joshi, Independent Director 3. K Udaya Bhaskara Reddy, Independent Director 4. Ajay Kumar Kapur, Independent Director 5. Sindhu K A, Nominee Director	July 18, 2021 September 24, 2021 December 29, 2021 March 03, 2022
Nomination & Remuneration Committee	1. S V Ranganath, Independent Director (C) 2. Niraj Kumar Verma, Nominee Director 3. T Ramesh, Nominee Director 4. Manoj Kumar Sharma, Independent Director	April 29, 2021
CSR Committee	1. S V Ranganath, Independent Director 2. Dr. Deepali Pant Joshi, Independent Director 3. Jiji Mammen, Managing Director	August 13, 2021 March 04, 2022
Risk Management Committee	1. Niraj Kumar Verma, Nominee Director (C) 2. Manoj Kumar Sharma, Independent Director 3. B Sreenivasa Rao, Nominee Director 4. K Udaya Bhaskara Reddy, Independent Director 5. Jiji Mammen, Managing Director	July 18, 2021 December 29, 2021
Loan Committee	1. Niraj Kumar Verma, Nominee Director (C) 2. Sindhu K A, Nominee Director 3. Ajay Kumar Kapur, Independent Director 4. Sreenivasa Rao B, Nominee Director 5. Jiji Mammen, Managing Director	February 14, 2022 March 25, 2022
IT Strategy Committee	1. Ajay Kumar Kapur, Independent Director (C) 2. Jiji Mammen, Managing Director 3. K Radhakrishnan, Dy. General Manager & CTO 4. Shantveer Serikar, Asst. General Manager & CIO 5. IT Domain Experts (max 2)	August 13, 2021 March 25, 2022
Sub-Committee on HR	1. Dr. Deepali Pant Joshi, Independent Director (C) 2. Niraj Kumar Verma, Nominee Director 3. Manoj Kumar Sharma, Independent Director 4. Jiji Mammen, Managing Director	August 25, 2021 September 24, 2021

*Committee composition(s) were revised during the year under review, wherever required.

Secretarial Standards

Your Board of Directors confirm that your Company complied with the applicable Secretarial Standards during the year under review.

Declaration by Independent Director(s)

Your Company had received the declaration in April, 2022 from Shri S V Ranganath, Shri Manoj Kumar Sharma, Dr. Deepali Pant Joshi, Shri K Udaya Bhaskara Reddy, and Shri Ajay Kumar Kapur, the Independent Directors, of the Company that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

Evaluation

Provisions of Section 134(3)(p) read with Sub-rule (4) of Rule 8 of the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 with regard to having a separate meeting of the Independent Directors were duly complied with during the period under review. The Independent Directors had evaluated the performance of the Board, the Board Committees, the Non-Independent Directors and Chairman of the Company including Managing Director. Similarly the non-Independent Directors had evaluated the performance of Independent Directors and Chairman of the Company. Annual performance of the Managing Director, as against the target set under Statement of Intent for FY2021-22 was evaluated by Chairman of the Company.

The aspects covered in the evaluation includes the contribution to corporate governance practices, participation in strategic planning and the fulfillment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee Meetings.

Vigil Mechanism / Whistle Blower Policy

The Company has established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report genuine concerns and provide for adequate safeguards against victimization of persons who use such mechanism which is disclosed in the Company's website at www.nabfins.org.

Risk Management Policy

Your Company being a Micro Finance Institution (NBFC-mFI), risk management assumes critical significance in the context of the absence or near absence of traditional risk mitigation instruments like collaterals or guarantors. The Company is in continuous process of strengthening the risk management framework for successfully handling any challenges in the business environment.

A sub-committee of the Board, "Risk Management Committee of the Board (RMCB)", along with the Audit Committee of the Board is established to oversee, monitor and guide the Company for effective risk management.

The Company has put in place Loan Policy approved by the Board, Policy on Risk Management, Processes for identification of early warning signals, Policy on NPA management, Policy on Document Management, Preservation and Destruction, Disaster recovery policy to manage Business Continuity Risk, KYC Policy to manage reputation / legal risk etc. The policies are reviewed regularly by the Board making suitable modification, if need be.

The Company has an exclusive Risk Management & Internal Control Department at Head Office for assessment and monitoring of current as well as potential risks through Process Audit of Branch offices, Concurrent Audit, Internal Audit etc., reporting directly to Managing Director. During the year the name of the Department was changed and bifurcated into separate Departments namely "Risk Management Department & Internal Audit Department" for effective management of risks and to add value and improve company's operations.

Directors' Responsibility Statement

Pursuant to the provisions of section 134(3) (c) of the Companies Act, 2013, the Board of Directors of your Company confirm that –

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

The details of application made or any proceeding pending under the insolvency and bankruptcy code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.

There were no instances during the year attracting the provisions of insolvency and Bankruptcy Code, 2016

The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof.

There were no instances during the year attracting this provision.

Compliance under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has an appropriate policy in place. No complaints were received during the year under review. Pursuant to provisions of the Act, an Internal Complaints Committee was established to oversee and resolve the complaints if any, received under the Act, and the composition of which, as at the financial year ended March 31, 2022 was as mentioned below:

Internal Complaints' Committee

1. Ms. Archana S, Presiding Officer
2. Mr. Jayasheelan A, Member
3. Mr. Aaditya Mallick, Member
4. Ms. Sumati Sharma, Member
5. Ms. Deepa V, Member

Acknowledgements

The Board of Directors of your Company gratefully acknowledge the support, guidance and co-operation received from NABARD, RBI, Government of Karnataka, all Investors, the Government Agencies, Auditors, Partner NGOs, Institutions & Foundations, Advisors and all our well-wishers. The Board also wishes to place on record their warm appreciation for the hardwork and dedicated efforts of the staff at all levels.

For and on behalf of the Board

Bengaluru

Date: September 01, 2022

Chairman

S V Ranganath
DIN – 00323799

Managing Director

Dr. Diwakar Hegde
DIN – 09611961

Annexure-I

AOC-2 :Details of material contracts or arrangements or transactions at arm's length basis, as at March 31, 2022

Name(s) of related Party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (in ₹ Lakh)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NABARD	Holding Entity	Loan Received	3 years*	54,552.20	NA	NIL
NABARD	Holding Entity	Loan Repaid		41,757.26	NA	NIL
NABARD	Holding Entity	Interest Paid		8045.32	NA	NIL
Jiji Mammen	Managing Director & KMP	House Rent	Not Applicable	6.21	13.06.2020	NIL
Jugal Kishore Mohapatra ²	Non-Executive Chairman & Independent Director	Sitting Fee	Not Applicable	1.75	28.04.2016	NIL
S V Ranganath ⁴		Sitting Fee	Not Applicable	1.00	28.09.2021	NIL
Dr. Charan Singh ³	Independent Director	Sitting Fee	Not Applicable	0.90	29.09.2016	NIL
Manoj Kumar Sharma	Independent Director	Sitting Fee	Not Applicable	2.25	25.02.2019	
Dr. Deepali Pant Joshi	Independent Director	Sitting Fee	Not Applicable	2.50	19.01.2021	
K Udaya Bhaskara Reddy	Independent Director	Sitting Fee	Not Applicable	2.10	19.01.2021	
Ajay Kumar Kapur ⁵	Independent Director	Sitting Fee	Not Applicable	1.40	28.09.2021	
Savitri Hegde ⁶	Company Secretary (KMP)	Remuneration	Not Applicable	2.33	29.09.2016	
Sumati Sharma ⁷		Remuneration	Not Applicable	5.66	16.07.2021	
Nabfoundation	Common Parent	CSR	Not Applicable	9.82	NA	

* The Company has refinance arrangement with NABARD and the refinance is repayable in three years by way of half yearly/quarterly installments with interest.

1. The above stated amounts are exclusive of GST;

2 & 3 Shri Jugal Kishore Mohapatra and Dr. Charan Singh, completed their tenure on the Board from the close of business on September 30, 2021;

4 & 5 Shri S V Ranganath and Shri Ajay Kumar Kapur, were appointed as Independent Directors with effect from October 01, 2021

6 & 7 Ms. Savitri Hegde resigned from the post of Company Secretary from the close of business on June 30, 2021, and Ms. Sumati Sharma was appointed as the Company Secretary with effect from July 01, 2021

8 As per Indian Accounting Standard (Ind AS) 24 on Related Party Transactions as notified under section 133 of the Companies Act 2013, M/s. Nabfoundation, being subsidiary of same parent company i.e; NABARD, falls under the category of Related Party. The amount mentioned in FY2021-22, also contains the CSR obligation for FY2020-21 which was released in FY2021-22.

Managing Director, General Manager (1), 3 Dy. General Manager(s) and 1 Ass. General Manager are/were on placement with NABFINS from NABARD. As per the terms of their placement, their salary and allowances were reimbursed to NABARD, details of which are as below:

Name of the Official	Nature of relationship with the Company	Nature of Contracts/ arrangements/ transactions	Salient terms including the value of money of such contracts/ arrangements/ transactions (in ₹ Lakh)	Date of Board Approval, if any	Amount paid as advance, if any
Jiji Mammen	Managing Director & Key Managerial Personnel	Remuneration	74.96	13.06.2020	NIL
Vinod C	Chief Operating Officer	Remuneration	50.00	22.07.2017	NIL
Sanjay Kumar	General Manager & Chief Financial Officer & Key Managerial Personnel	Remuneration	45.96	29.04.2021	NIL
K Radhakrishnan	Dy. General Manager & Chief Technology Officer	Remuneration	40.70	25.02.2019	NIL
Shantveer Serikar	Ass. General Manager & Chief Information Officer	Remuneration	22.10	-	NIL

For and on behalf of the Board

Bengaluru

Date: September 01, 2022

Chairman

S V Ranganath
DIN – 00323799

Managing Director

Dr. Diwakar Hegde
DIN - 09611961

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Annexure II

[Pursuant to Clause (o) of sub section (3) of section 134 of the Act and Rule 9 of the Companies
(Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

The CSR Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large. Broad areas covered under the Company's CSR Policy are Public Health & Sanitation, Promotion of Education, Promotion of Women Empowerment etc.

2. Composition of CSR Committee (as at March 31, 2022):

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the Year	Number of meetings of CSR Committee attended during the Year
1	Shri S V Ranganath	Chairman & Independent Director	2	1*
2	Dr. Deepali Pant Joshi	Independent Director Designate	2	2
3	Shri Jiji Mammen	Managing Director	2	2

*The Meeting held on August 13, 2021 was attended by the then Chairman of the Committee, Shri J K Mohapatra. Shri S V Ranganath was appointed as the Chairman and Independent Director on the Board of the Company with effect from October 01, 2021.

- The Composition of CSR Committee, CSR Policy and CSR projects approved by the board are placed on the Company's website at www.nabfins.org
- The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. – Not Applicable, as the Company's average CSR obligation is less than ₹10 Crore in the three immediately preceding Financial Years.
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year ended March 31, 2022 – ₹ 44,242/-.
- Average net profit of the Company for last three financial years for the purpose of computation of CSR:**

Particulars	In ₹Lakh
Net Profit of the Company during the year 2018-19	5,013.88
Net Profit of the Company during the year 2019-20	5,540.30
Net Profit of the Company during the year 2020-21	4,537.13
Total Profit for past 3 years	15091.31
Average Profit for the purpose of Section 135 of Companies Act 2013	5030.44

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 100.61 Lakh
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 100.61 Lakh

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for FY 2021-22 (In ₹ Lakh)	Amount Unspent (In ₹ Lakh)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (In ₹ Lakh)	Date of transfer	Name of the Fund	Amount (In ₹ Lakh)	Date of transfer
19.97	81.08	06.04.2022	NA	NA	NA

8. (b) Details of CSR amount spent against ongoing projects for the FY 2021-22:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the Project (In - Lakh)	Amount spent in the current financial year i.e; FY 2021-22 (In ₹ Lakh)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹ Lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Agency	
				State	District						Through Implementing	CSR Registration Number
1	My Pad My Right	Sanitation	Yes	NER	All Districts of NER	18 months	8.10	4.05	4.05	No	NAB Foundation Mumbai	CSR00004589
2	Community Toilet construction at Bhadravathi Taluka Hospital of Shivamogga District	Sanitation	Yes	Karnataka	Shivamogga	24 months	20.00	4.00	16.00	No	Sulabh International SSO, Bengaluru, KA	CSR00000185
3	Providing computers for Computer Lab at St. Thomas Higher Secondary School, Kozhencherry, Pathanamthitta	Education	Yes	Kerala	Kozhencherry	17 months	15.00	-	15.00	Yes	NA	NA
4	Installing electronic gadgets for digital education at Govt. Higher Primary Marathi School, Hemmadaga, Belagavi	Education	Yes	Karnataka	Belagavi	17 months	2.17	-	2.17	Yes	NA	NA
5	Construction of toilet and urinal blocks and installation of RO water purifier at Govt. High School, Su. Pilrampattu, Villupuram District	Sanitation	Yes	Tamil Nadu	Villupuram	24 months	14.10	-	14.10	Yes	NA	NA
6	Providing Computer systems with necessary accessories and interactive flat panel for a smart classroom at Govt. Primary School, Kalikupam, Karaikal	Education	Yes	Pondicherry	Karaikal	17 months	3.26	-	3.26	Yes	NA	NA
7	Construction of toilet and providing safe drinking water in three Government Schools of Cuddalore district through REAL	Sanitation	Yes	Tamil Nadu	Cuddalore	21 months	18.40	-	18.40	No	Rural Education and Action for Liberation (REAL)	CSR00001909
8	Construction of toilet at Govt. Primary School, Doddahalli, Magadi Taluka, Ramanagara District	Sanitation	Yes	Karnatak	Ramanagara	21 months	0.51	-	0.51	Yes	NA	NA
9	Construction of girls' toilet and adapted toilet and installation of equipment for smart classrooms at Govt. H.S.L.P. School, Aryad, Alappuzha	Sanitation & Education	Yes	Kerala	Alappuzha	24 months	7.59	-	7.59	Yes	NA	NA
TOTAL							89.13	8.05	81.08			

(c) Details of CSR amount spent against other than ongoing projects for FY 2021-22: ₹ 11.92 lakh

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount spent for the Financial Year 2021-22 – ₹ 19.97 lakh (8b+8c+8d+8e)

(g) Excess amount for set off, if any – ₹ 0.44 lakh

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (In ₹ Lakh)	Amount spent in the reporting Financial Year (i.e; FY2021-22)	Name of the Fund	Amount (In ₹ Lakh)	Date of transfer	Amount remaining to be spent in succeeding financial years (In ₹ Lakh)
				Name of the Fund	Amount (In ₹ Lakh)	Date of transfer	
1	2020-21	96.56	83.05	Swachh Bharat Kosh		09/09/2021	NA
2	2019-20						
3	2018-19						

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable, the Company has spent two percent of average net profit.

Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

For and on behalf of the Board

Bengaluru

Date: September 01, 2022

Chairman

S V Ranganath

DIN – 00323799

Managing Director

Dr. Diwakar Hegde

DIN - 09611961

Form No. MR 3**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022**

[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,
NABFINS Limited
3072, 14th Cross Road
Banashankari II Stage
Bengaluru – 560 070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NABFINS Limited formerly known as NABARD Financial Services 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 the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers 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 (01.04.2021 to 31.03.2022) 31.03.2022 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, Minutes Book, Forms and Returns filed and other records maintained by the Company for the financial year ended on 31.03.2022 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules there under for which I report that the Company has:

- a) Maintained various Statutory Registers and Minutes of the Proceedings of the Board Meetings, Committee Meetings and General Meetings in Compliance with the Act;
- b) Filed all the Forms, Returns, Documents and Resolutions as required to be filed with Registrar of Companies (ROC) and other authorities and all the formalities relating to the same were complied with;
- c) Circulated agenda of the Board Meetings and Committee Meetings adequately in advance. Further, Board Meetings and the Committee meetings were held in compliance with the Act including the requirement of quorum for all the meetings and sought necessary approvals of the Board of Directors, Committee of Directors and Members as per the requirement of the Act;
- d) Complied with the provisions of appointment or / and re-appointment of Directors, Independent Directors, Nominee Directors on the Board of the Company;
- e) Served the notice of Annual General Meeting to all the Members, Directors and Auditors of the Company;
- f) Secretarial Standards issued by The Institute of Company Secretaries of India;

- g) Complied with the Provisions of Appointment & Remuneration of Auditors;
- h) Complied with all other applicable provisions of the Act and the Rules made there under-
- i) Complied Publication of Name of the Company in all correspondences;

I have also examined the Compliance with the applicable Clauses of the following:

- (i) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- (ii) The Employees State Insurance Act, 1948
- (iii) The payment of Bonus Act, 1965
- (iv) Maternity Benefit Act, 1961
- (v) Payment of Gratuity Act, 1972
- (vi) The Karnataka Tax on Professions, Trades , Callings and Employment Act , 1976
- (vii) Minimum Wages Act, 1948
- (viii) Payment of Wages Act, 1936
- (ix) Industrial Disputes Act, 1947
- (x) Contract Labour (Regulation & Abolition) Act, 1970
- (xi) Income Tax Act 1961
- (xii) The RBI Act, 1934
- (xiii) Service Tax / GST Act, 2016
- (xiv) Equal Remuneration Act, 1976
- (xv) Karnataka Shops and Commercial Establishment Act
- (xvi) The Child Labour (Prohibition and Regulation) Act, 1986
- (xvii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I further report that: The Board of Directors of the Company is duly constituted with proper balance of Directors, Non-Executive Directors, Women 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 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 in accordance with the secretarial standards framed by Institute of Company Secretaries of India.

As per the Minutes of the Meetings of the Board and Committees of the Board is duly signed by the Chairman. Decisions at the meetings of the Board of Directors of the Company were passed unanimously. There were no dissenting views by any member of the Board of Directors / Committees of the Board during the period under review.

We further report that during the audit period:

- 1 As per Indian Accounting Standard (Ind AS) 24 on Related Party Transactions as notified under section 133 of the Companies Act 2013, NABFOUNDATION being subsidiary of same parent company, falls under the category of Related Party.

The CSR Contribution made to the said company should have been reported in the disclosures to financial statements.

- 2 Nabfoundation being one of the Implementing Agency of NABFINS Limited for undertaking CSR Activities was incorporated on 31/ 08/2019 and as per Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Section 8 company which is being engaged by the company as implementing agency should be either established by the company, either singly or along with any other company or it should possess established track record of at least three years in undertaking similar activities. Hence, Nabfoundation is not eligible to undertake CSR Activities on behalf of the company.

However, the Board of Directors of the company in its meeting dated 04th March, 2022 had already deliberated on this issue and discussed the rationale behind engaging Nabfoundation. Further, it has been assured by the management that the Board shall from next time adhere to the requirement as provided under the law.

Based on the Statutory Auditors Report and RBI Inspection Report, produced to me which were confirmed by the Management and according to the information and explanations given to me by the Company, I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Date: 25-04-2022
Place : Lucknow

**For Manish Mishra & Associates
Company Secretaries**

CS Manish Kr. Mishra
Membership No: F 10316
Certificate of Practice No : 15281
UDIN: F010316D000204598

To,

The Members

NABFINS Limited

3072, 14th Cross Road,
Banashankari II Stage
Bengaluru - 560070

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

- 1) Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and processes 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.
- 4) Wherever required, I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening 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 as conducted the affairs of the Company.

Date : 25-04-2022

Place : Lucknow

**For Manish Mishra & Associates
Company Secretaries**

CS Manish Kr. Mishra

Membership No: F 10316

Certificate of Practice No: 15281

UDIN: F010316D000204598

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NABFINS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of NABFINS Limited for the year ended March 31, 2022 in accordance with financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated July 18, 2022 which supersedes their earlier Audit Report dated April 29, 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of NABFINS Limited for the year ended March 31, 2022 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory Auditors' Report to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report under Section 143(6)(b) of the Act.

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

**Place: Hyderabad
Date: July 20, 2022**

**Sd/-
(M. S. Subrahmanyam)
Director General of Commercial Audit
Hyderabad**

REVISED INDEPENDENT AUDITOR'S REPORT

(Issued Consequent to Audit Enquiries dated 21.06.2022 by office of the Director General of Commercial Audit, AG's Office Complex, Saifabad, Hyderabad and it supersedes our Independent Auditor's Report Dated 29.04.2022)

To the Members of

NABFINS LIMITED (Formerly known as NABARD Financial Services Limited)

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of NABFINS Limited (Formerly known as NABARD Financial Services Limited), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of Significant Accounting Policies and Other Explanatory Information (hereinafter together referred to as 'Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters arising out of certain special audit circumstances during the year which, in our opinion, need to be communicated in our report:

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment of financial assets at balance sheet date (including provision for expected credit losses) (as described in Note No 27. of the Ind AS financial statements)</p> <p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> 1. Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. 2. Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. 3. Determining effect of less frequent past events on future probability of default. <p>In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable information without incurring significant cost. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government.</p> <p>Given the high degree of management's judgement involved in estimation of ECL, because of which the same has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the Company's accounting policies for impairment of loan receivables and assessing compliance with the policies in terms of Ind AS 109. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. <p>Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.</p> <ul style="list-style-type: none"> • Performed inquiries with the Company's management and its risk management function to assess the impact of lock- down on the business activities of the Company. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. • Tested assumptions used by the management in determining the overlay for macro-economic factors in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. <p>Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 109.</p>

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the Financial Highlights, Board's Report, Corporate Governance Report but does not include the Standalone Financial Statements and our Auditor's Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that gives a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other Accounting Principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

- a. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- d. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in '**Annexure A**' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comments in '**Annexure A**', as required by Section 143(3) of the Act, we report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - iii. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - iv. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.
 - v. In our opinion, based on the Notification No.GSR 829 (E) dated 21-10-2003 issued by the Department of Company Affairs, Government of India, the requirements under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Company, being a Government Company.
 - vi. On the basis of the written representations received from the Directors as on March 31, 2022, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.
 - vii. 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**'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls Over Financial Reporting;
 - viii. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act;
 - ix. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position as at March 31, 2022;

- b. The Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses as at March 31, 2022;
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022; and
- d. As required by section 143 (5) of the Act, we give in **Annexure C** a statement on the matters specified by the Comptroller and Audit General of India for the Company.
- e. Management has represented that
 - a) To the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed fund or share premium or any other person(s) or entity(ies), including foreign entities ("intermediaries"), with the understanding, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate beneficiaries") or provide any guarantee, security or the life on behalf of the ultimate beneficiaries.
 - b) To the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person (s) or entity (ies) including foreign entities ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries; and
 - c) Based on the audit procedure we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause a) and b) contain any material misstatement.
- f. The Company has not declared or paid any dividend during the year in compliance with section 123 of the Companies Act, 2013.

For M/s P. CHANDRASEKAR LLP

Chartered Accountants

FRN No. 000580S/S200066

S. RAJAGOPALAN

Partner

Membership No.025349

UDIN: 22025349ANDQAO3077

Place: Bengaluru

Date: 18.07.2022

‘ANNEXURE A’ TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our Auditor’s Report of even dated to the Members of NABFINS Limited on the Standalone Financial Statements for the year ended March 31, 2022)

Based on our audit and taking into consideration the information and explanations given to us by the Company and the books of accounts and other records examined by us during the normal course of audit, and to the best of our knowledge and belief, we report that;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (b) The Company has a regular program of physical verification to cover all the items of property, plant & equipment’s in a phased manner, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
- (c) The Company has not revalued its Property, Plant and Equipment during the year.
- (d) The title deeds, comprising all the immovable properties are held in the name of the Company as at the Balance Sheet date. – newly added
- (e) According to the information and explanations given to us there are no proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and rules made there under. Accordingly reporting under clause 3(i)(v) of the order is not applicable to the Company.
- ii. (a) The Company business does not involve inventories, accordingly reporting under clause 3(ii) of the order is not applicable to the Company.
- (b) The Company has not availed working capital from banks on the basis of security of current assets. Accordingly reporting under clause of the order is not applicable to the Company.
- iii. The Company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly reporting under clause 3 (iii) of the order is not applicable to the Company.
- iv. The Company has not granted any of loans, investments, guarantees, and security during the year under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly reporting under clause 3 (iv) of the order is not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly reporting under clause 3 (v) of the order is not applicable to the Company.
- vi. The maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. Accordingly reporting under clause 3 (vi) of the order is not applicable to the Company.
- vii. According to the information and explanation given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act	Income Tax Demand (The Company proposes to file an appeal with the Commissioner of Income Tax)	₹ 58.77 lakhs	Nil	Asst Year 2018-2019	Commission of Income Tax (Appeals)	Nil

- viii. According to the information and explanations given to us, there are no transactions relating to previously unrecorded income the books of account have been surrendered or disclosed as income during the year, in the Income tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, provisions of paragraph 3(viii) of the order is not applicable to the Company.
- ix. (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the repayment of interest thereon to any lender. Accordingly provisions of paragraph 3(ix) of the order is not applicable to the Company.
- (b) According to the information and explanations given to us, and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us, and on the basis of our audit procedures, we report that the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long term purposes by the Company.
- (e) According to the information and explanations given to us, and the procedures performed by us, and on overall examination of the financial statements of the Company, we report that the Company is not having subsidiaries, associates or joint ventures. Accordingly, provisions of this clause of the order is not applicable to the Company.
- (f) According to the information and explanations given to us, and the procedures performed by us, and on overall examination of the financial statements of the Company, we report that since the Company is not having subsidiaries, associates or joint ventures. Accordingly, provisions of this clause of the order is not applicable to the Company.

- x. (a) The Company has not raised moneys by way of initial public offer or further public offer during the year. Accordingly, provisions of paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi. (a) Accordance with the auditing standards generally accepted in India, the Company has not noticed or reported during the year any fraud on or by the Company except for misappropriation of cash through embezzlement by aggregating to ₹125.21 lakh, of which ₹ 43.55 lakh has been recovered. The Company has terminated the services of the concerned employees and necessary legal action has been initiated against including recovery of remaining amount.
- (b) No case or report under sub-section (12) of section 143 of the Companies Act has been committed to be filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly provisions of paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of the Internal Auditors for the period under audit were considered by us, only to the extent made available to us.
- xv. The Company has not entered into non-cash transactions with directors or persons connected with him, as covered under Section 192 of the Companies Act, 2013.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Institution and such registration has been obtained by the Company.
- (b) The Company has conducted Non-Banking Financial Activity with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence commenting on this clause 3 xvi (c) and (d) does not arise
- xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year, accordingly provisions of paragraph 3 xviii of the order is not applicable to Company.

- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, and the procedures performed by us, and on overall examination of the financial statements of the Company, we report that :
- a. The Company has transferred the unspent amount , in respect of “ other than ongoing projects” to a fund specified in Schedule VII to the companies act 2013 with in the specified period in compliance with the second proviso to sub-section (5) of section 135 of the said act.
 - b. The Company has transferred the unspent amount, in respect of “Ongoing projects” to a special account with in a period of thirty days from the end of the financial year in compliance with the provisions of sub-section (6) of section 135 of the said act.
- xxi. The reporting under clause 3(xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For M/s P. CHANDRASEKAR LLP

Chartered Accountants

FRN No. 000580S/S200066

S. RAJAGOPALAN

Partner

Membership No.025349

UDIN: 22025349ANDQAO3077

Place: Bengaluru

Date: 18.07.2022

‘ANNEXURE B’ TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(vi) under ‘Report on Other Legal and Regulatory Requirements’ section of our Auditor’s Report of even dated to the Members of NABFINS Limited on the Standalone Financial Statements for the year ended March 31, 2022)

Independent Auditor’s Report on the Internal Financial Controls over Financial Reporting 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 NABFINS Limited (‘the Company’) as of March 31, 2022 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 Board of Directors of the Company 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 (‘the Guidance Note’) 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 respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting includes 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 control based on the assessed risk. The procedures selected depend on the Auditor’s judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

The widespread disruption caused by the COVID-19 pandemic and the resultant lockdown, travel restrictions and risk associated with the health of the audit staff during the time of audit, we were unable to visit the Branches of NABFINS Limited to conduct the regular audit procedures to understand the adequacy and efficiency of the Internal Financial Control over Financial Reporting adopted at the Branches. Accordingly, as stated in clause b of 'Key Audit Matter' paragraph of our Independent Auditor's Report of even dated to Members of NABFINS Limited on the Standalone Financial Statements for the year ended March 31, 2022, we have modified the audit procedure to collect audit evidences to determine if NABFINS has established adequate Internal Financial Control Over Financial Reporting at the Branches and whether such controls were operating effectively as at March 31, 2022 by carrying out the audit procedures remotely using electronic communication and access technology, wherever necessary.

However, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls over Financial Reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Controls over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) 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 the Standalone Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

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 the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions (like circumstances arising on account of COVID-19 pandemic) or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanation given to us and based on our audit, and subject to the facts mentioned in Key Audit Matter paragraph and the comments mentioned above, the Company needs to strengthen its internal controls over a) maintaining and safeguarding of loan documents as per the approved loan policy; b) post disbursement documentation; c) timely identification and apportionment of loan recovery

amount etc. However, by stating this, we are not modifying the Report. Further, the Company has maintained, in all material respects, adequate Internal Financial Controls over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as of March 31, 2022, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For M/s P. CHANDRASEKAR LLP

Chartered Accountants

FRN No. 000580S/S200066

S. RAJAGOPALAN

Partner

Membership No.025349

UDIN: 22025349ANDQAO3077

Place: Bengaluru

Date: 18.07.2022

‘ANNEXURE C’ TO THE INDEPENDENT AUDITOR’S REPORT

(Refer to Paragraph 3, under ‘Other Legal and Regulatory Requirements’ section of our Independent Auditor’s Report of even dated to the Members of NABFINS Limited on the Standalone Financial Statements for the period ended March 31, 2022)

- 1. Whether the Company has system in place to process all the accounting transactions through IT system? If No, the implication of processing of accounting transaction outside IT system on the integrity of the accounts along the financial implication, if any, may be stated.**

Yes. The Company has an IT system by name ‘CORE MICROFINANCE SYSTEM’ which process all the accounting transactions. During the course of audit, we have not come across any accounting transactions that were processed outside of the IT system. Accordingly, commenting on financial implications and integrity of accounts on account of processing accounting transactions outside IT system does not arise.

- 2. Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/ interest etc., made by a lender to the Company due to the Company’s inability to repay the loan? If Yes, the financial impact may be stated.**

There was no restructuring of existing loans during the period ended March 31, 2022. Also, there were no cases of waiver/ write off of debts/loans/interest etc. made by a lender to the Company. Accordingly, reporting of financial implication on such restructuring/waiver/write off of debts/loans/interest etc., by the lender to the Company does not arise.

- 3. Whether funds received/receivable for specific schemes from central/state agencies where properly accounted for/utilised as per its term and conditions? List the cases of deviation.**

Based on our audit and taking into consideration the information and explanations given to us by the Company and the books of accounts and other records examined by us during the normal course of audit, to the best of our knowledge, there were no cases of deviation in relation to funds received/ receivable for specific purpose and its utilization as per terms and conditions.

- 4. Examine and comment on preparation/maintenance of vouchers and ledgers to form an opinion as to the reliability of the records as a basis for preparation of the Financial Statements.**

The Company generally maintains an Office Note for every expenses/voucher with necessary supporting documents wherein all the necessary details of expenses, payment, expense head, ledger details,

etc. will be mentioned and the same would be approved by the competent authority. As per our audit observation, the Company has been generally maintaining adequate vouchers and ledgers which can be a reliable source of record for preparation of Standalone Financial Statements.

For M/s P. CHANDRASEKAR LLP

Chartered Accountants

FRN No. 000580S/S200066

S. RAJAGOPALAN

Partner

Membership No.025349

UDIN: 22025349ANDQAO3077

Place: Bengaluru

Date: 18.07.2022

NABFINS LIMITED

(Formerly known as "NABARD FINANCIAL SERVICES LIMITED")

3072, 14TH CROSS, K R ROAD, BANASHANKARI 2nd STAGE, BENGALURU - 560070

CIN: U85110KA1997PLC021862

STANDALONE BALANCE SHEET

AS AT MAR 31, 2022

(₹ Lakh)

Particulars		Note No.	As at MAR 31, 2022	As at MAR 31, 2021
1	ASSETS			
	FINANCIAL ASSETS			
(a)	Cash and Cash Equivalents	1	3,632.28	3,098.43
(b)	Bank Balances other than (a) above	2	4,161.45	12,623.08
(c)	Loans	3	161,394.47	143,370.17
(d)	Other Financial Assets	4	569.40	712.31
2	NON FINANCIAL ASSETS			
(a)	Deferred Tax Assets (Net)	5	441.31	163.29
(b)	Property, Plant And Equipment	6	1,277.48	1,248.66
(c)	Intangible Assets	7	-	52.02
(d)	Right of Use Assets	8	508.64	373.81
(e)	Other Non - Financial Assets	9	306.27	222.55
	TOTAL - ASSETS		172,291.30	161,864.32
1	LIABILITIES AND EQUITY			
	FINANCIAL LIABILITIES			
(a)	Payables			
	(I) Trade Payables	10		
	(i) Total outstanding dues of micro enterprises and small enterprises		58.30	2.60
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		264.32	322.52
	(II) Other Payable			
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		102.92	52.22
(b)	Borrowings (Other Than Debt Securities)	11	133,436.76	125,794.63
(c)	Other Financial Liabilities	12	1,559.36	2,281.15
(d)	Lease Obligation	13	561.35	441.98
2	NON - FINANCIAL LIABILITIES			
(a)	Current Tax Liability (Net)	14	158.90	97.40
(b)	Provisions	15	136.63	126.71
(c)	Other Non-Financial Liabilities	16	1,838.94	328.54
3	EQUITY			
(a)	Equity Share Capital	17	16,165.63	16,165.63
(b)	Other Equity	18	18,008.21	16,250.93
	TOTAL - LIABILITIES AND EQUITY		172,291.30	161,864.32

The accompanying notes form an integral part of the financial statements

For NABFINS Limited

S V Ranganath
Chairman
DIN: 00323799

Jiji Mammen
Managing Director
DIN : 06808988

Sanjay Kumar
Chief Financial Officer
PAN: ACPPK7596N

Sumati Sharma
Company Secretary
M.NO. A51019

Place: Bengaluru
Date: April 29, 2022

As per our report of even date
For P Chandrasekar LLP
Chartered Accountants
Firm Reg No: 000580S / S200066

S.Rajagopalan
Partner
M.No. : 025349

NABFINS LIMITED

(Formerly known as "NABARD FINANCIAL SERVICES LIMITED")

3072, 14TH CROSS, K R ROAD, BANASHANKARI 2nd STAGE, BENGALURU - 560070

CIN: U85110KA1997PLC021862

STANDALONE STATEMENT OF PROFIT AND LOSS**FOR THE YEAR ENDED MAR 31, 2022**

(₹ Lakh)

Particulars		Note No.	Figures for the Year Ended	
			As at MAR 31, 2022	As at MAR 31, 2021
I	INCOME	19		
	Revenue From Operations			
	Interest Income		23,704.19	24,387.72
	Total Revenue From Operations		23,704.19	24,387.72
II	Other Income	20	1,043.58	1,166.72
III	Total Income (I + II)		24,747.77	25,554.44
IV	EXPENSES			
	Finance Costs	21	8,091.76	9,524.49
	Fees And Commission Expenses	22	1,429.18	1,478.46
	Impairment On Financial Instruments	23	3,658.11	3,660.02
	Modification of Contractual Cashflow		-	222.69
	Employee Benefit Expenses	24	5,189.55	4,342.81
	Depreciation, Amortization and Impairment	6,7&8	535.26	523.29
	Other Expenses	25	1,570.44	1,265.55
	Total Expenses (IV)		20,474.31	21,017.31
V	Profit / (Loss) Before Exceptional Items And Tax (III - IV)		4,273.46	4,537.13
VI	Exceptional Items		-	-
VII	Profit / (Loss) Before Tax (V - VI)		4,273.46	4,537.13
VIII	Tax Expense			
	- Current Tax		1,296.01	2,036.04
	- Previous Year Tax		82.93	(6.29)
	- Deferred Tax Liability / (Asset)		(278.01)	470.51
IX	Profit / (Loss) For The Period (VII - VIII)		3,172.53	2,036.87
X	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified to Profit or Loss			
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss			
	Sub Total (a)		-	-
(b)	(i) Items that will be reclassified to Profit or Loss			
	(ii) Income tax relating to items that will be reclassified to Profit or Loss			
	SubTotal (b)		-	-
	Other Comprehensive Income (a + b)		-	-
XI	Total Comprehensive Income for the period (IX + X) (comprising Profit / (Loss) and Other Comprehensive Income for the period)		3,172.53	2,036.87
XII	Earnings per Equity Share:	26		
	(1) Basic		1.96	1.26
	(2) Diluted		1.96	1.26

The accompanying notes form an integral part of the financial statements**For NABFINS Limited**

S V Ranganath
Chairman
DIN: 00323799

Jiji Mammen
Managing Director
DIN : 06808988

Sanjay Kumar
Chief Financial Officer
PAN: ACPPK7596N

Sumati Sharma
Company Secretary
M.NO. A51019

Place: Bengaluru
Date: April 29, 2022

As per our report of even date
For P Chandrasekar LLP
Chartered Accountants
Firm Reg No: 000580S / S200066

S.Rajagopalan
Partner
M.No. : 025349

NABFINS LIMITED

(Formerly known as "NABARD FINANCIAL SERVICES LIMITED")

3072, 14TH CROSS, K R ROAD, BANASHANKARI 2nd STAGE, BENGALURU - 560070

CIN: U85110KA1997PLC021862

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MAR 31, 2022

(₹ Lakh)

Particulars	As at MAR 31, 2022	As at MAR 31, 2021
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	4,273.46	4,537.13
Add: Non-Cash Expenses		
Depreciation, amortization and Impairment on Property, Plant & Equipment & Amortization of Right of use asset	307.01	312.99
Impairment on Financial Instruments	228.25	210.30
Provision Towards Misappropriation	3,658.11	3,660.02
Advances written off	49.17	16.77
(Profit) / Loss on sale of Plant, Property & Equipment, Intangibles	16.03	22.40
Modification of Contractual Cashflow	6.27	-
Less: Income considered separately	-	222.69
Adjustment in Retained earning	-	-
Income from Investment activities	(860.59)	(64.68)
Operating profit before working capital changes	7,677.72	7,830.31
Changes in -		
Loans and Advances	(21,682.42)	8,251.92
Other financial assets	142.91	332.04
Other non-financial assets	(99.76)	905.60
Other financial liabilities	(721.78)	384.79
Payables	48.19	(129.80)
Other non-financial liabilities	6.45	(35.14)
Provisions	71.41	(71.71)
Cash generated from operations	(14,557.28)	17,468.00
Income taxes paid (net of refunds)	(1,220.05)	(1,936.94)
Net Cash Inflow / (outflow) from operating Activities	(15,777.33)	15,531.07
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant & Equipment including ROU	(653.25)	(659.40)
Proceeds from sale of Property, plant and equipment	0.08	0.08
Income from Investments	860.59	1,087.31
Increase in Earmarked balances with banks	8,461.63	(4,602.41)
Net Cash Inflow / (outflow) from Investment Activities	8,669.05	(4,174.41)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from Borrowings (Other than Debt Securities)	7,642.13	(11,113.11)
Net Cash Inflow / (outflow) from Financing Activities	7,642.13	(11,113.11)
NET Increase / (Decrease) in Cash and Cash Equivalents	533.85	2,790.21
Cash and Cash Equivalents at the beginning of the year	3,098.43	308.22
Cash and Cash Equivalents at the end of the year	3,632.28	3,098.43

The accompanying notes form an integral part of the financial statements

For NABFINS Limited

S V Ranganath
Chairman
DIN: 00323799

Jiji Mammen
Managing Director
DIN : 06808988

Sanjay Kumar
Chief Financial Officer
PAN: ACPK7596N

Sumati Sharma
Company Secretary
M.NO. A51019

Place: Bengaluru
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As per our report of even date
For P Chandrasekar LLP
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S.Rajagopalan
Partner
M.No. : 025349

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

BRIEF PROFILE

“NABFINS LIMITED” (CIN: U85110KA1997PLC021862) is a subsidiary of NABARD and incorporated under the Companies Act 1956. The company is a “Non-banking Financial Company” (NBFC) registered with “Reserve Bank of India” (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The company received the Certificate of Registration from the Reserve Bank of India (RBI) on 18th November 2008, enabling the company to carry on business as a Non-banking Financial company without accepting public deposits.

The Company's registered office is at # 3072, 14th Cross Road, Banashankari II Stage, Bengaluru, Karnataka, 560070, India.

SIGNIFICANT ACCOUNTING POLICIES –

1. Statement of compliance and basis for preparation and presentation of Financial Statements

a) Statement of Compliance –

The Financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') notified under section 133 of the companies act 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. In addition, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with the compliance with other statutory promulgations which requires a different treatment.

b) Basis of Preparation –

The Financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS 113 are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

(c) Presentation of Financial Statements –

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 (“the Act”) applicable for Non-Banking Finance Companies (“NBFC”). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the RBI regulations.

(d) Functional and Presentation Currency –

Amounts in the financial statements are presented in Indian Rupees (INR or ₹) which is also the company's functional currency. All amounts are rounded off to the nearest lakhs (unless stated otherwise) and rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013.

2. Significant Accounting Policies –

i. Revenue Recognition –

a) Recognition of Interest Income on Loans –

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. Considering the concept of prudence, when a financial asset becomes credit-impaired, interest income on such impaired assets will be recognized only on receipt basis.

If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(b) Dividend and Interest Income on Investments –

- Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(c) Other Operational Revenue –

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

ii. Property, Plant and Equipment (PPE) –

- PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.
- Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs is capitalized in accordance with the Indian Accounting Standard 23.
- Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.
- Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.
- Depreciation on PPE is provided on Written Down value (WDV) basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.
- PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.
- The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

NABFINS LIMITED

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

iii. Intangible Assets –

Intangible assets are identified non-monetary assets without physical existence. Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized on Written Down value (WDV) basis over the estimated useful life of the asset. Intangible assets are recognized in books only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably.

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an assets net selling price and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

iv. Financial Instruments –

a) Recognition and Measurement –

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

b) Classification of Financial Assets –

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

- Amortized cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Amortized Cost –

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

FVOCI - Debt Instruments

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

FVOCI - Equity Instruments

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 109 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

c) Subsequent Measurement of Financial Assets –

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Any gain and loss on derecognition is recognized in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments.

NABFINS LIMITED

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Dividend income received on such equity investments are recognized in Statement of profit and loss. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

d) Modification of contractual cash flows –

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated in accordance with IND AS 109. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

e) Financial Liabilities and Equity Instruments –

Classification As Debt or Equity – Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognized as a deduction from equity.

Financial Liabilities – Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on derecognition is also recognized in Statement of profit and loss.

Financial Guarantee Contracts – A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

NABFINS LIMITED

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments and
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue.

f) Derecognition –

Financial Assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial Liabilities – A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognized in Statement of profit and loss.

Offsetting –

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) Impairment of Financial Instruments –

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL.

Credit-Impaired Financial Assets – In the ordinary course of business, a financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Under normal business circumstances, the evidence of credit impairment includes observable data and about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

- The lender for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event- instead, the combined effect of several events may have caused financial assets to become credit impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Under normal business circumstances, a loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Significant Increase in Credit Risk –

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

The significance of a change in the credit risk since initial recognition, depends on the risk of a default occurring as at initial recognition. Given that a significant change in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

As a back-stop when loan asset becomes more than 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

Purchased or Originated Credit Impaired (POCI) Financial Assets –

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favorable change for such assets creates an impairment gain.

Definition of Default – Definition of default is critical for determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Company or
- The borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Company considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending.

Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- ❖ 12-month ECL, i.e. a portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- ❖ Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument, if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

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ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

h) Write Offs –

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/ borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in Statement of profit and loss.

v. Employee Benefits –

- ❖ **Short Term Employee Benefits** – Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
- ❖ **Contribution to Provident Fund and ESIC** - Company's contribution paid/payable during the year to provident fund and ESIC is recognized in the Statement of profit and loss.
- ❖ **Gratuity** – The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognized at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

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The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

❖ **Leave Encashment / Compensated Absences / Sick Leave** – The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date based on an independent actuarial valuation.

vi. **Finance Costs** : Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilized, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

vii. **Taxation - Current and Deferred Tax –**

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current Tax – Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax – Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

viii. Impairment of Assets other than Financial Assets –

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized in Statement of profit and loss.

ix. Provisions

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Provisions are discounted when time value is material. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

x. Cash And Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

xi. Earnings Per Share –

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

xii. Lease –

The Company recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Company measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the Company recognises depreciation on the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the Company is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

xiii. Operating Cycle –

Based on the nature of products/activities of the company and normal time between the acquisition of assets and their realisation in cash and cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

xiv. Prior Period and Exceptional Items –

Items of Income or expenditure pertaining to previous reporting period has been adjusted to Reserves and Surplus of the corresponding reporting period. Exceptional items having material impact on the financial statements of the Company are disclosed separately.

xv. Use of Estimates and Judgments and Estimation of Uncertainty –

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognized prospectively.

Following are areas that involved a higher degree of estimate and judgment or complexity in determining the carrying amount of some assets and liabilities –

- **Effective Interest Rate (EIR) Method** – The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.
- **Impairment of Financial Assets** – The measurement of impairment losses on loan assets and commitments, requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

Elements of the ECL model that are considered accounting Judgments and Estimates Include:

- ❖ The Company's criteria for assessing if there has been a significant increase in credit risk
- ❖ Development of ECL model, including the various formulae and the choice of inputs
- ❖ It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

NABFINS LIMITED

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

• Contingent Liabilities

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

xvi. Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. Grant or subsidy relates to revenue, it is recognized as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

xvii. Segment Reporting

The Company identifies segment basis of the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker') and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

The accompanying notes form an integral part of the financial statements

For NABFINS Limited

S V RANGANATH
CHAIRMAN
DIN: 00323799

JIJI MAMMEN
MANAGING DIRECTOR
DIN : 06808988

SANJAY KUMAR
CHIEF FINANCIAL OFFICER
PAN: ACPPK7596N

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

As per our report of even date

For P Chandrasekar LLP
Chartered Accountants
Firm Reg No: 000580S / S200066

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place: Bengaluru
Date: April 29, 2022

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2022	As at MAR 31, 2021
1	Cash and Cash Equivalents		
	(a) Cash on Hand	0.05	0.17
	(b) Balance with Banks		
	- on current accounts	2,632.75	551.61
	- deposits with original maturity of less than 3 months	999.47	2,546.65
	TOTAL	3,632.28	3,098.43
2	Bank Balance other than Cash and Cash Equivalents		
	<u>Bank Balance</u>		
	- CSR unspent account	13.49	-
	<u>Bank Deposits</u>		
	- Bank deposits with maturity of more than 3 months	-	5,696.65
	- Earmarked balances with banks	4,146.88	4,000.00
	- Balances with banks-held as margin money or security	1.08	2,926.42
	TOTAL	4,161.45	12,623.08
3	Loans		
	Unsecured		
	Loans and Advances	Note No.27	
	- Due within 12 months	107,253.56	97,733.38
	- Due beyond 12 months	66,394.40	58,103.66
	Sub-total	173,647.96	155,837.04
	Less: Impairment allowance	(12,253.49)	(12,466.87)
	TOTAL	161,394.47	143,370.17
4	Other Financial Assets		
	Due beyond 12 months		
	(a) Deposit		
	Rental Deposit	88.43	76.58
	NSDL Deposit	1.50	1.50
	Telephone Deposit	0.12	0.63
	(b) Others		
	Skill loans	Note No.28	264.14
	Sub-total (A)	90.04	342.85
	Due within 12 months		
	Cash with B&DC's	Note No.29	41.25
	Processing Fees Receivable	-	0.08
	Interest Receivable On Bank Deposits	280.90	319.38
	Premium Receivable On Loan Linked Group Term Life Insurance	-	0.05
	Loans to Staff	0.82	6.77
	Insurance claim receivable	42.56	1.94
	Sub-Total (B)	479.36	369.46
	TOTAL	569.40	712.31
5	Deferred Tax Assets (net)		
	Deferred Tax Asset	Note No. 30	633.81
	DT Addition/(Deletion)	278.01	(470.51)
	TOTAL	441.31	163.29

NABFINS LIMITED

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note : 6 & 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AS ON MAR 31, 2022

(₹ Lakh)

Note No.6 Property, Plant and Equipment	Gross Block						Depreciation Block						Net Carrying Value		
	As at APR 2021	Addi- tions	Dis- posal/ Written off	Acquisi- tions through business combina- tions	Amount of change due to Revalu- ation	Other adjust- ments	As at MAR 31, 2022	As at APR 2021	Addi- tions	With- drawn	Acquisi- tions through business combi- nations	Amount of change due to Revalu- ation	Other ad- just- ments	As at MAR 31, 2022	As at MAR 31, 2021
Land	581.27	-	-	-	-	-	581.27	-	-	-	-	-	-	581.27	581.27
Building	349.74	-	-	-	-	-	349.74	48.65	18.05	-	-	-	-	283.04	301.09
Furniture & Fixtures	296.97	60.27	29.21	-	-	-	328.03	156.17	49.80	25.57	-	-	-	147.63	140.80
Office Equipments	364.93	35.09	73.60	-	-	-	326.41	296.97	46.68	70.89	-	-	-	53.66	67.96
Servers & Networks	38.40	-	-	-	-	-	38.40	31.34	4.73	-	-	-	-	2.33	7.06
Laptop & Desktops	537.63	194.81	58.34	-	-	-	674.10	387.26	135.67	58.34	-	-	-	209.51	150.38
Vehicle	0.59	-	-	-	-	-	0.59	0.49	0.06	-	-	-	-	0.04	0.10
Sub Total	2,169.53	290.16	161.15	-	-	-	2,298.54	920.87	254.99	154.80	-	-	-	1,277.48	1,248.66
Note No.7 Intangible Assets															
Software	237.16	-	-	-	-	-	237.16	185.14	52.02	-	-	-	-	237.16	52.02
GRAND TOTAL	2,406.69	290.16	161.15	-	-	-	2,535.70	1,106.01	307.01	154.80	-	-	-	1,258.22	1,300.68
PREVIOUS YEAR	2,333.83	75.29	2.43	-	-	-	2,406.69	795.37	312.99	2.35	-	-	-	1,106.01	1,300.68

(Refer Note No. 31)

The title deeds of immovable property is held in the name of the company. There are no immovable property which are jointly held
The property in Bengaluru is in the nature of owner Occupied Property having 3500 sqft
The property in Dindigal is in the nature of Freehold Property having 10056 sqft

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2022	As at MAR 31, 2021			
8	Right of Use Assets Note No. 32					
	Balance as at beginning of the Year	373.81	-			
	Addition during the Year	385.89	584.11			
	Deletion during the Year	(22.80)	-			
	Amortisation for the Year	(228.25)	(210.30)			
	TOTAL	508.64	373.81			
9	Other Non-Financial Assets					
	Goods and Services Tax (GST) Receivable	75.66	46.50			
	Income Tax Refund	57.68	33.12			
	Prepaid Expenses	90.52	56.92			
	Advance to Vendors	1.22	0.72			
	Advance to Employees	69.82	76.88			
	Advance to Others	-	0.03			
	Prepaid lease rentals	11.37	8.38			
	TOTAL	306.27	222.55			
10	Trade Payable Ageing					
	Ageing as on 31-3-2022 (₹ Lakh)					
	Outstanding for following periods from due date of payment					
	Trade Payable	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
	i) MSME	58.30	-	-	-	58.30
	ii) Others	188.42	-	-	-	188.42
	iii) Disputed dues - MSME	-	-	-	-	-
	iv) Disputed dues - Others	-	4.13	53.52	18.25	75.91
	Total	246.71	4.13	53.52	18.25	322.62
	Ageing as on 31-3-2021 (₹ Lakh)					
Outstanding for following periods from due date of payment						
Trade Payable	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total	
i) MSME	2.60	-	-	-	2.60	
ii) Others	202.12	-	-	-	202.12	
iii) Disputed dues - MSME	-	-	-	-	-	
iv) Disputed dues - Others	-	46.89	55.27	18.25	120.41	
Total	204.71	46.89	55.27	18.25	325.12	

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2022	As at MAR 31, 2021
11	Borrowings (Other than Debt Securities)		
	Unsecured :		
	Refinance from NABARD Note No. 33		
	- Payable within 12 months	64,275.24	40,888.26
	- Payable beyond 12 months	68,375.37	78,967.42
	Sub-total (A)	132,650.62	119,855.68
	Interest accrued on Refinance from NABARD	786.14	1,153.15
		133,436.76	121,008.83
	Secured :		
	Payable within 12 months		
	<u>Overdraft from Banks:</u>		
	Canara Bank, Ashoka Pillar Branch, Bengaluru	-	2,632.31
	IDBI, Banashankari Branch, Bengaluru	-	2,153.49
	Sub-total (B)	-	4,785.80
	TOTAL	133,436.76	125,794.63
12	Other Financial Liabilities		
	Payable beyond 12 months		
	Security Deposit Note No. 34	282.55	286.15
	Interest payable on Security Deposit	19.84	20.50
	Unutilised Funds from NABARD for SHG promotion	-	0.25
	Patient Capital from IFAD Govt of Tamilnadu Note No. 35	167.05	627.56
	Financial Education Welfare Fund	505.73	-
	Revolving Fund Assistance LWE Note No. 28	246.36	510.50
	Sub-total (A)	1,221.54	1,444.96
	Payable within 12 months		
	Accrued Salaries and Incentives to Staff	143.93	90.88
	Loan Linked Group Term Life Insurance Payable	192.84	164.90
	Payable to SHG/JLG groups Note No. 36	-	579.34
	Tender deposit	1.05	1.06
	Sub-total (B)	337.83	836.18
	TOTAL	1,559.36	2,281.15
13	Lease Obligation Note No. 32		
	Balance as at beginning of the Year	441.98	648.79
	Add : Additions	385.89	-
	Add : Interest Cost	38.42	44.16
	Less : Deletion	(26.90)	-
	Less : Lease Payments	(278.03)	(250.97)
	TOTAL	561.35	441.98

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2022	As at MAR 31, 2021
14	Current Tax Liability (Net) : Provision for current year tax Less: a) Advance Tax b) Tax deducted at Source	1,296.01 (935.35) (201.76)	2,036.04 (1,738.50) (200.13)
	TOTAL	158.90	97.40
15	Provisions Provision for Employee Benefit Provision for Leave Encashment		
	Note No. 37	136.63	126.71
	TOTAL	136.63	126.71
16	Other Non-Financial Liabilities Deduction of Tax at Source - Payable ESIC, PF & Professional Taxes - Payable Provision towards CSR Provision Towards Misappropriation Impairment Allowance	125.68 48.48 94.58 154.94 1,415.25	70.78 47.76 104.24 105.77 -
	TOTAL	1,838.94	328.54

Note No.	Particulars	Balance As at APR 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance As at MAR 31, 2022
17 A.	Statement of Changes in Equity <u>Current Reporting Period FY 2021-22</u> Authorized Capital 20,00,00,000 Equity Shares of ₹10/- each (Previous year 20,00,00,000 Equity Shares of ₹10/- each) Issued,Subscribed & Fully Paid up Equity Shares Capital: 16,16,56,307 Equity Share of ₹10/-each (Previous year 16,16,56,307 Equity shares of ₹10/- each)	20,000.00 16,165.63	- -	- -	- -	20,000.00 16,165.63
	TOTAL	16,165.63	-	-	-	16,165.63

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No.	Particulars	Balance As at APR 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance As at MAR 31, 2022
B.	<u>Previous Reporting Period FY 2020-21</u>					
	Authorized Capital	20,000.00	-	-	-	20,000.00
	20,00,00,000 Equity Shares of ₹10/- each (Previous year 20,00,00,000 Equity Shares of ₹10/- each)					
	Issued, Subscribed & Fully Paid up Equity Shares Capital:	16,165.63	-	-	-	16,165.63
	16,16,56,307 Equity Share of ₹10/-each (Previous year 16,16,56,307 Equity shares of ₹10/- each)					
	TOTAL	16,165.63	-	-	-	16,165.63

a. Reconciliation of the number of equity shares outstanding at the beginning and end of the Period

		Number of Shares	
		MAR 31, 2022	MAR 31, 2021
Number of Shares outstanding at the beginning of the year		161,656,307	161,656,307
Add : Shares Issued during the Year		-	-
Number of Shares outstanding at the end of the Year		161,656,307	161,656,307

b. Rights, preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayment of capital.

The Company has only one class of equity shares having par value of Rs. 10 per share. Each share holder is entitled to one vote per share. The distribution of dividend is in proportion to the number of equity shares held by each share holders.

Repayment of capital will be in proportion to number of equity shares held.

c. Details of shareholder holding more than 5 %

1. National Bank for Agricultural & Rural Development
2. Government of Karnataka
3. Canara Bank
4. Union Bank of India

Number of Shares			
%	MAR 31, 2022	%	MAR 31, 2021
63.10	10,20,06,300	63.10	10,20,06,300
18.43	2,98,00,000	18.43	2,98,00,000
9.90	1,60,00,000	9.90	1,60,00,000
5.26	85,00,000	5.26	85,00,000

d. For a period of years, immediately preceeding the Balance sheet

Aggregate number & class of shares :

- Allotted as fully paid up pursuant to contract(s) without payment being received in cash : NIL
- Allotted as fully paid up by way of bonus shares: NIL
- Bought back : NIL

f. Shareholding of Promoters

Shares held by promoters at the end of the year			% Change during the year
Promoters Name	No. of Shares	%of total shares	
1. National Bank for Agricultural & Rural Development	10,20,06,300	63.10	

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No. 18 : Other Equity - As at Mar 31, 2022

(₹ Lakh)

Particulars	Share Application Money Pending Allotment	Equity Component of Compound Financial Instruments	Reserves And Surplus					Debt Instruments Through OCI	Equity Instruments Through OCI	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange Differences on Translating The Financial Statements of A Foreign Operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserves	Securities Premium	Statutory Reserves	Risk Fund	Reserve Fund	Retained Earnings							
Balance as at APR 2021	-	-	-	-	-	200.00	3,820.39	12,230.53	-	-	-	-	-	-	16,250.93
Changes for changes in accounting policies & Prior period items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance APR 2021	-	-	-	-	-	200.00	3,820.39	12,230.53	-	-	-	-	-	-	16,250.93
Total Comprehensive Income for the current year	-	-	-	-	-	-	-	3,172.53	-	-	-	-	-	-	3,172.53
Less: Dividend Distributed During The Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividend Distribution Tax (ddt)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation To Statutory Reserve*	-	-	-	-	-	-	634.51	(634.51)	-	-	-	-	-	-	-
Impairment Allowance (Note No: 66 & 67)	-	-	-	-	-	-	-	(1,415.25)	-	-	-	-	-	-	(1,415.25)
Add: Other Comprehensive Income For The Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at MAR 2022	-	-	-	-	-	200.00	4,454.90	13,353.31	-	-	-	-	-	-	18,008.21

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
Note No. 18 : Other Enquiry - As at Mar 31, 2021

(₹ Lakh)

Particulars	Share Application Money Pending Allotment	Equity Component of Compound Financial Instruments	Reserves And Surplus					Debt Instruments Through OCI	Equity Instruments Through OCI	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange Differences on Translating The Financial Statements of A Foreign Operation	Other items of Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Re-serves	Securities Premium	Statutory Re-serves	Risk Fund	Reserve Fund	Retained Earnings							
Balance as at APR 2020	-	-	-	-	-	200.00	3,413.02	10,665.72	-	-	-	-	-	-	14,278.74
Changes for changes in accounting policies & Prior period items	-	-	-	-	-	-	-	(64.68)	-	-	-	-	-	-	(64.68)
Restated Balance	-	-	-	-	-	200.00	3,413.02	10,601.04	-	-	-	-	-	-	14,214.06
Total Comprehensive Income for the current year	-	-	-	-	-	-	-	2,036.87	-	-	-	-	-	-	2,036.87
Less: Dividend Distributed During The Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividend Distribution Tax (ddt)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation To Statutory Reserve*	-	-	-	-	-	-	407.37	(407.37)	-	-	-	-	-	-	-
Impairment Allowance #	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Add: Other Comprehensive Income For The Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at MAR 2021	-	-	-	-	-	200.00	3,820.39	12,230.54	-	-	-	-	-	-	16,250.93

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021			
		On Financial Assets Measured At Fair Value Through OCI	On Financial Assets Measured At Amortised Cost	Interest Income on Financial Assets Classified At Fair Value Through Profit or Loss	Total	On Financial Assets Measured At Fair Value Through OCI	On Financial Assets Measured At Amortised Cost	Interest Income on Financial Assets Classified At Fair Value Through Profit or Loss	Total
19	Revenue from Operations								
	Interest On Loans	-	23,678.16	-	23,678.16	-	24,378.13	-	24,378.13
	Recovery from Bad Debts		26.03		26.03		9.59		9.59
	TOTAL	-	23,704.19	-	23,704.19	-	24,387.72	-	24,387.72

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2022	FOR THE YEAR ENDED MAR 31, 2021
20	Other Income		
	HRA Recovery	-	0.22
	Insurance Commisison Income	24.26	-
	Interest on Income Tax Refund	25.40	59.21
	Interest on Staff Loans	0.24	1.01
	Miscellaneous Income	9.03	17.02
	NABARD Grant	124.05	1.94
	Mutual Fund Redemption Income	29.34	-
	Interest On Deposits With Banks	831.26	1,087.31
	TOTAL	1,043.58	1,166.72

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2022		FOR THE YEAR ENDED MAR 31, 2021	
		On Financial Liabilities Measured At Fair Value Through OCI	On Financial Liabilities Measured At Amortised Cost	On Financial Liabilities Measured At Fair Value Through OCI	On Financial Liabilities Measured At Amortised Cost
21	Finance Cost				
	NABARD Refinance Loan Interest	-	8,045.32	-	9,438.13
	Other Interest Expense				
	Bank Over draft interest	-	8.02	-	42.20
	Interest on lease liability		38.42		44.16
	TOTAL	-	8,091.76	-	9,524.49

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2022	FOR THE YEAR ENDED MAR 31, 2021
22	Fees & Commission Expenses		
	Commission for B&C/B&F	1,429.18	1,478.46
	TOTAL	1,429.18	1,478.46
Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2022	FOR THE YEAR ENDED MAR 31, 2021
23	Impairment Allowance		
	Impairment Allowance	3,658.11	3,660.02
	TOTAL	3,658.11	3,660.02

Note No.	Particulars	FOR THE YEAR ENDED	
		MAR 31, 2022	MAR 31, 2021
24	Employee Benefit Expenses		
	Salaries And Wages	3,810.77	3,519.90
	Contribution To Provident And Other Funds	289.53	254.74
	Incentive For Staff	510.69	267.93
	Leave Encashment	141.82	48.19
	Gratuity	98.08	77.06
	Leave Travel Allowance	137.54	24.33
	Staff Insurance	110.34	67.19
	Staff Welfare	90.78	83.48
	TOTAL	5,189.55	4,342.81

Note No.	Particulars	FOR THE YEAR ENDED	
		MAR 31, 2022	MAR 31, 2021
25	Other Expenses		
	Advertisement Expenses	3.14	1.59
	Advance Written Off	16.03	22.40
	Auditors Remuneration		
	- Statutory Audit Fee	5.45	4.91
	- Tax Audit Fee	0.55	0.55
	Bad Debts Written Off	43.98	-
	Bank Charges	101.52	63.08
	Books and Periodicals	0.29	0.23
	Broker Commission	-	0.46
	Business Promotion	10.30	5.74
	Credit Bureau Check Expenses	49.38	28.57

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(₹ Lakh)

Note No.	Particulars	FOR THE YEAR ENDED	
		MAR 31, 2022	MAR 31, 2021
	CSR Expenses	101.05	95.00
	Directors Sitting Fee	12.97	11.94
	Electricity & Water charges	34.60	34.80
	Insurance	21.69	34.94
	Internet Expenses & Website Charges	46.13	22.65
	Legal & Professional Charges	19.90	25.40
	Loss on Sale of Fixed Assets	6.27	-
	Meeting Expenses	2.77	1.56
	Membership & Subscription	12.62	10.94
	Miscellaneous Expenses	1.06	0.32
	Postage, Telephone & Courier Charges	58.72	71.93
	Printing & Stationery	115.28	61.47
	Provision Towards Frauds	49.17	16.77
	Rates & Taxes	5.03	4.41
	Recruitment Expenses	1.90	2.28
	Rent	10.92	5.08
	Repairs & Maintenance	86.42	47.77
	Secretarial Audit Fees	0.43	0.43
	Security Guard Expenses	9.12	9.92
	Technology Maintenance	488.82	488.78
	Training Expenses	4.92	0.18
	Travelling & Conveyance	250.01	191.46
	TOTAL	1,570.44	1,265.55

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 26

EARNINGS PER SHARE (EPS)

(₹ Lakh)

Particulars	As at MAR 31, 2022	As at MAR 31, 2021
Net Profit after tax as per statement of Profit & Loss	3,172.53	2,036.87
Profit available to Equity Shareholders	3,172.53	2,036.87
Weighted average No. of Equity shares (no.'s)	16,16,56,307	16,16,56,307
Basic Earnings per share	1.96	1.26
Diluted Earnings per share	1.96	1.26

NOTE NO. 27

LOANS

CREDIT RISK MANAGEMENT

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(₹ Lakh)

Particulars	As at MAR 31, 2022	As at MAR 31, 2021
Gross carrying value of Loans and Advances		
Neither Past due nor impaired	1,52,249.00	1,34,616.38
Past due but not impaired		
0 - 30 days past due	4,356.28	3,618.48
31 – 60 days past due	1,510.11	1,998.57
61 – 89 days past due	893.17	1,384.49
Impaired (more than 90 days)	14,639.41	14,219.11
Gross Carrying value as at reporting date	1,73,647.96	1,55,837.04

The Company regularly reviews the credit quality of its loan portfolio based on the performance, ageing and credit risk of the loan portfolio is determined by the company for every reporting periods. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the company has calculated its ECL allowances on a collective basis.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Inputs considered in ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Months Past Due status.

Stage 1: 0-30 days past due

Stage 2: 31-89 days past due

Stage 3: 90 & above days past due

The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the company as per simplified approach specified in Ind AS 109.

- a) **Default** – The Company considers a financial asset to be in “default” and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.
- b) **Exposure at Default** – “Exposure at Default” (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows has been used as exposure for Stage 2.
- c) **Estimations and Assumptions considered in the ECL Model** “Loss given default” (LGD) is common for all three Stages. For the year under review, the company has adopted the Loss Given Default rate of 26.51% for the purpose of computation of expected credit loss. The Loss Given Default has been arrived considering the company’s past recovery rate for 3 years. Adopting a prudent approach, the company has provided for the entire loan outstanding as March 31, 2022, in respect of all loan accounts which report days past due of 365 days or more

“Probability of Default” (PD) is applied on Stage 1 and Stage 2 based on business product/verticals with respect to each States (wherever available) and for Stage 3 PD at 100%. Where state wise data is not available, PD rate is considered based on overall movement of default rates. For retail loans PD rates are considered based on respective state and for loans to where this no past history, PD rates are considered based on overall movement of default rates. This is calculated as an average of the last 36 months loan default movement rates in respective geographic areas (wherever available) and no future adjustment are made for macro-economic factors.

- d) **Measurement of ECL** – As prescribed under para 5.5 in Ind AS 109, 12-months ECL is computed for financial instruments which are in Stage – I, and Life time ECL for those in Stage – II & III.

Policy for Write-off of Loan Assets :

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in the statement profit or loss.

Classification of Loans

(₹ Lakh)

Sl. No.	Particulars	As at MAR 31, 2022					
		Amortised Cost	At Fair Value			Sub total	Total
			Through OCI	Through PL	Designated at FVTPL		
A.	Loans						
(i)	Loans repayable on Demand	-	-	-	-	-	-
(ii)	Term Loans	1,73,647.96	-	-	-	-	1,73,647.96
(iii)	Others	-	-	-	-	-	-
	Total	1,73,647.96	-	-	-	-	1,73,647.96
	Less: Impairment Loss Allowance	(12,253.49)	-	-	-	-	(12,253.49)
	Total	1,61,394.47	-	-	-	-	1,61,394.47
B.							
(i)	Secured by tangible assets	-	-	-	-	-	-
(ii)	Secured by intangible assets	-	-	-	-	-	-
(iii)	Covered by Bank/Government Guarantees	-	-	-	-	-	-
(iv)	Unsecured	1,73,647.96	-	-	-	-	1,73,647.96
	Total	1,73,647.96	-	-	-	-	1,73,647.96
	Less: Impairment Loss Allowance	(12,253.49)	-	-	-	-	(12,253.49)
	Total	1,61,394.47	-	-	-	-	1,61,394.47
C.							
	Loans in India						
	(i) Public sector						
	(ii) Others	1,73,647.96	-	-	-	-	1,73,647.96
	Less: Impairment Loss Allowance	(12,253.49)	-	-	-	-	(12,253.49)
	Total	1,61,394.47	-	-	-	-	1,61,394.47
	Loans outside India	Nil	-	-	-	-	Nil

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Classification of Loans

(₹ Lakh)

Sl. No.	Particulars	As at MAR 31, 2021					
		Amortised Cost	At Fair Value			Sub total	Total
			Through OCI	Through PL	Designated at FVTPL		
A	Loans						
(i)	Loans repayable on Demand	-	-	-	-	-	-
(ii)	Term Loans	1,55,837.04	-	-	-	-	1,55,837.04
(iii)	Others	-	-	-	-	-	-
	Total	1,55,837.04	-	-	-	-	1,55,837.04
	Less: Impairment Loss Allowance	(12,466.87)	-	-	-	-	(12,466.87)
	Total	1,43,370.17	-	-	-	-	1,43,370.17
B.							
(i)	Secured by tangible assets	-	-	-	-	-	-
(ii)	Secured by intangible assets	-	-	-	-	-	-
(iii)	Covered by Bank/Government Guarantees	-	-	-	-	-	-
(iv)	Unsecured	1,55,837.04	-	-	-	-	1,55,837.04
	Total	1,55,837.04	-	-	-	-	1,55,837.04
	Less: Impairment Loss Allowance	(12,466.87)	-	-	-	-	(12,466.87)
	Total	1,43,370.17	-	-	-	-	1,43,370.17
C							
(I)	Loans in India						
	(i)Public sector						
	(ii) Others	1,55,837.04	-	-	-	-	1,55,837.04
	Less: Impairment Loss Allowance	(12,466.87)	-	-	-	-	(12,466.87)
	Total	1,43,370.17	-	-	-	-	1,43,370.17
	Loans outside India	Nil					Nil

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

IMPAIRMENT LOSS

The expected credit loss allowance provision for Loans and Advances is determined as follows –

(₹ Lakh)

Particulars	Performing Loans-12 month ECL	Underperforming Loans - Lifetime ECL not credit Impaired	Impaired loans - Lifetime ECL credit Impaired	Total
Gross Balance as at Mar 31, 2022	1,56,605.28	2,403.28	14,639.41	1,73,647.96
Expected credit loss rate	0.23%	1.57%	80.68%	7.03%
Carrying amount as at Mar 31, 2022 (net of impairment provision)	1,56,240.52	2,365.43	2,827.90	1,61,433.85
Gross Balance as at Mar 31, 2021	1,38,234.86	3,383.06	14,219.11	1,55,837.03
Expected credit loss rate	0.62%	2.18%	81.11%	8.00%
Carrying amount as at Mar 31, 2021 (net of impairment provision)	1,37,377.80	3,309.30	2,685.98	1,43,370.06

Analysis and Reconciliation of Exposure

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Loans and Advances** is, as follows:

Gross Exposure Reconciliation as on March 31, 2022

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage III	Total
Gross carrying amount balance as at Mar 31, 2021	1,38,234.87	3,383.04	14,219.13	1,55,837.04
- Transfers to Stage I	52.22	(50.98)	(1.24)	0.00
- Transfers to Stage II	(2,191.82)	2,194.08	(2.27)	(0.00)
- Transfers to Stage III	(3,419.54)	(1,772.37)	5,191.90	0.00
Loans that have been derecognised during the year	(34,604.76)	(646.09)	(484.47)	(35,735.32)
New Loans originated during the year	1,28,460.16	184.00	31.90	1,28,676.06
Write-offs	-	-	(3,869.36)	(3,869.36)
Recoveries	(70,051.24)	(888.43)	(446.17)	(71,385.84)
Gross carrying amount balance as at Mar 31, 2022	1,56,605.28	2,403.28	14,639.41	1,73,647.96

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Gross Exposure Reconciliation as on March 31, 2021

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage III	Total
Gross carrying amount balance as at Mar 31, 2020	1,53,175.58	2,334.78	8,846.98	1,64,357.33
- Transfers to Stage I	179.04	(167.81)	(11.23)	0.00
- Transfers to Stage II	(3,136.26)	3,136.26	0.00	0.00
- Transfers to Stage III	(4,433.42)	(1,278.49)	5,711.72	0.00
Loans that have been derecognised during the year	(19,919.60)	(182.49)	(227.87)	(20329.96)
New Loans originated during the year	76,559.90	40.30	2.85	76,603.05
Write-offs	-	-	45.68	45.68
Recoveries	(64,220.36)	(499.50)	(149.02)	(64,868.87)
Gross carrying amount balance as at Mar 31, 2021	1,38,234.86	3,383.04	14,219.13	1,55,837.04

Reconciliation of ECL Balance as on March 31, 2022

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage III	Total
Gross carrying amount balance as at Mar 31, 2021	859.84	73.79	11,533.24	12,466.87
- Transfers to Stage I	0.17	(0.16)	(0.01)	(0.00)
- Transfers to Stage II	(34.93)	34.98	(0.06)	(0.00)
- Transfers to Stage III	(1,450.90)	(1,141.69)	2,592.60	-
Loans that have been derecognised during the year	(128.44)	(228.46)	(550.10)	(907.00)
New Loans originated during the year	(479.33)	1.59	7.44	(470.30)
Write-offs	-	-	(3,869.36)	(3,869.36)
Re-measurement	1,627.99	1,298.15	2,107.15	5,033.29
Gross carrying amount balance as at Mar 31, 2022	394.40	38.20	11,820.90	12,253.49

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Reconciliation of ECL Balance as on March 31, 2021

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage III	Total
Gross carrying amount balance as at Mar 31, 2020	1,646.26	493.86	6,801.40	8,941.53
- Transfers to Stage I	2.55	(2.47)	(0.08)	0.00
- Transfers to Stage II	(66.41)	66.41	-	0.00
- Transfers to Stage III	(2,596.66)	(990.83)	3,587.49	0.00
Loans that have been derecognised during the year	(756.29)	(74.26)	(284.07)	(1114.60)
New Loans originated during the year	218.23	0.54	0.72	219.49
Write-offs	-	-	45.68	45.68
Re-measurement	2412.25	580.54	1,382.09	4374.88
Gross carrying amount balance as at Mar 31, 2021	859.84	73.79	11,533.12	12,466.87

Concentration of Credit Risk –

Company's loan portfolio is predominantly to finance Agriculture and allied activities. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of Loans and Advances –

(₹ Lakh)

Particulars	As at MAR 31, 2022	As at MAR 31, 2021
Concentration by Geographical region in India:		
East	41,282.31	27,482.54
North	6,268.16	5,317.86
South	1,11,832.10	1,09,308.25
West	14,265.40	13,728.39
Total	1,73,647.96	155837.04

e) Modification of Contractual Cash flow: During the year, the Company has recognised gain on modification of contractual cash flow amounting to ₹114.83 Lakhs in interest income.

NOTE NO. 28

REVOLVING FUND ASSISTANCE FROM NABARD

NABARD sanctioned ₹500 lakh to the Company, to be used as "Revolving Fund Assistance (RFA)" to lend to the trainees who register themselves with Gurukul's set up by the PAN IIT Alumni Reach for India Foundation (PARFI) to undergo training on select skills. The entire fund to be utilized within a period of 4 years from the date of release of first instalment.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The principal recovery and unutilized outstanding amount (amount not released / unutilized) is transferable to the Share Capital Deposit account maintained on behalf of NABARD, at the end of 5 years from the date of release of first instalment by NABARD. NABARD reserves the right to transfer any amount in share capital deposit account towards the equity of NABFINS.

The tenure of the project ended during the current financial year. As per the terms and conditions of the sanction, the company is eligible to set off the unpaid amount by the borrower against the above said fund. As per the said clause the company has adjusted a sum of ₹261.14 lakh against the fund balance ₹246.36 lakh is included in the other financial liabilities which will be eventually transferred to NABARD or to the equity of the Company as per the directions of NABARD.

NOTE NO. 29

CASH WITH B&DC

The Company operates under Business and Development correspondent (B&DC) model. Under this model the B & DCs empanelled with company undertake recovery from the borrowers and the amount recovered be deposited to designated bank account maintained by the company. As at March 31, 2022, ₹155.08 lakh was collected but not deposited which is disclosed under other financial assets.

NOTE NO. 30

DISCLOSURE PURSUANT TO IND AS 12 "INCOME TAXES"

(a) Major components of tax expense / (income):

(₹ Lakh)

SI No	Particulars	As at March 31, 2022	As at March 31, 2021
(a)	Profit or Loss section:		
	(i) Current Income Tax:		
	- Current Income Tax Expense	1,296.01	2,036.04
	- Tax Expense of Prior Periods	82.93	(6.29)
		1,378.95	2,029.74
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(278.01)	470.51
	Effect of previously unrecognised tax losses used to reduce tax expense	-	-
		(278.01)	470.51
	Income tax expense reported in Profit or Loss [(i) + (ii)]	1,100.93	2,500.25
(b)	Other Comprehensive Income (OCI) section:		
	(i) Items not to be reclassified to profit or loss in subsequent periods	-	-
	(ii) Items to be reclassified to profit or loss in subsequent periods	-	-
	Income tax expense reported in Other Comprehensive Income [(i) + (ii)]	-	-
	Retained earnings:		
	- Current Income Tax	1,378.95	2,029.74
	- Deferred Tax	(278.01)	470.51
	Income tax expense reported in retained earnings	1,100.93	2,500.25

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:
(₹ Lakh)

S. No	Particulars	As at March 31, 2022	As at March 31, 2021
(a)	Profit before tax	4,273.46	4,537.13
(b)	Corporate tax rate as per Income Tax Act 1961	25.17%	25.17%
(c)	Tax on Accounting profit (c)=(a)*(b)	1,075.55	1,141.90
(d)	(i) Tax on Income exempt from tax	-	-
	(ii) Tax on expenses not tax deductible:		
	(iii) CSR expenses	101.05	95.00
	(iv) Tax effect on other items	126.44	1,453.35
	Total effect of tax adjustments (d) = [(i) -(ii) + (iii)+(iv)]	25.39	1,358.35
(g)	Tax expense recognised during the year (g)=(c)-(d)	1,100.93	2,500.25
(h)	Effective tax Rate (f)=(g)/(a)	25.76%	55.11%

NOTE NO. 31

PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Property, Plant and Equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Change in estimate

During the Financial Year 2021-22, there is no change in accounting estimates.

The estimated useful lives of property, plant and equipment's and intangible assets are, as follows:

- Buildings - 60 years
- Office Equipment - 5 years
- Furniture and Fixtures - 10 years
- Servers & Network - 6 years
- Computers & Laptops - 3 years
- Vehicles - 10 years
- Software - 5 years or the license period whichever is lower

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The residual values, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

During the year under review, the company has extended its operation to new state and added new branches in the existing states which has resulted in substantial additions to Furniture & Fixture, Office Equipment's & Laptop & Desktops.

As a part of annual review, the company reviewed its PPE and discarded the Furniture & Fixture, Office Equipment's & Laptop & Desktops who carrying value in books was ₹6.35 lakhs.

Intangible Assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Impairment of Non-financial Assets (Property, Plant and Equipment and Intangible Assets)

The carrying values of assets at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount.

The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

For the year under review, the company has charged a sum of ₹12.91 lakhs towards additional amortization of intangible assets.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO 32

LEASE

The Company has taken office premises under lease. The terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. Leases of these premises generally have lease terms of 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company has several lease contracts that include extension and termination options. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. The Company does not anticipate any material leases to be terminated in next three years or beyond that.

(₹Lakh)

Particulars	MAR 31, 2022	MAR 31, 2021
Right-of-Use Assets	508.64	373.81
Lease Liabilities	561.34	441.98

Maturity analysis of undiscounted lease liabilities

(₹Lakh)

Particulars	MAR 31, 2022	MAR 31, 2021
Up to 3 months	77.14	63.68
Up to 6 months	148.67	123.49
Up to 1 Year	280.27	222.76
From one to 3 years	610.28	434.53

Interest on lease liabilities is ₹ 38.42 Lakh for the year ended on March 31, 2022.

The total cash outflow for leases is ₹278.03 Lakh for the year ended March 31, 2022 is charged to lease liability. The company does not have any low- value lease assets.

NOTE NO 33

RE-FINANCE LOAN FROM NABARD

The company has "Re-finance" arrangements with NABARD, and the refinance is being availed by the company for disbursement of loan. Refinance is repayable with quarterly / half yearly installments and interest payments are made as per the demand advice received from NABARD.

The "Re-finance" arrangements are unsecured in nature and there has been no default in repayment of loan installments and also interest.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The interest rate wise refinance outstanding as on March 31, 2022 is summarized in the following table.

Rate of Interest	Amount (₹Lakh)
4.60%	5,202.00
5.30%	7,821.00
5.40%	8,239.80
5.45%	20,400.00
5.60%	4,840.00
5.70%	4,720.00
5.75%	20,622.20
7.60%	17,835.00
7.70%	11,991.50
7.90%	6,087.80
8.20%	1,376.73
8.50%	2,775.27
8.75%	16,613.50
9.20%	4,125.82
Grand Total	1,32,650.62

The company has borrowed refinance from NABARD on the basis on advances receivables. The returns and statements filed with NABARD towards refinance received is in agreement with books of accounts and there are no material discrepancies.

NOTE NO 34

SECURITY DEPOSIT – B&DC

As a part of the agreement between the Company and the Business and Development Correspondents (B&DCs) / Facilitators (B&DFs), the B&DCs and B &DFs are required to keep interest free security deposit with the Company depending on the quantum of loans outstanding against the borrowers sponsored by them. As on March 31, 2022, the other financial liabilities includes ₹282.55 lakh towards such security deposit under Other Financial Liabilities.

NOTE NO. 35

PATIENT CAPITAL

The Company entered into an MOU with Project Management Unit (PMU) of IFAD Post Tsunami Sustainable Livelihood Programme (PTSLP) on June 19th 2013. Under the MOU, Patient Capital Assistance (PCA) of ₹ 700 lakh was received by the company. This is to be utilized for financing micro enterprises.

The project was closed 31.12.2020. The Company refunded a sum of ₹ 533 lakh to Government of Tamil Nadu as on date at their request. The balance amount (₹700 lakh - ₹533 lakh) ₹167 lakh is shown under other financial liabilities.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 36

SHG/JLG GROUPS AND B&DCS BALANCE

During the year under review, the Company established Financial Education Welfare Fund (subject to approval by the Reserve Bank of India) and transferred an amount ₹505.73 lakhs which was earlier shown as payable to groups and unclaimed amount from borrowers. The said fund is disclosed in other financial liabilities.

NOTE NO 37

EMPLOYEE BENEFIT EXPENSES

- The Managing Director is on deputation from NABARD. His remuneration including Provident Fund, Gratuity and Leave Salary is reimbursed to NABARD on the basis of the advice received from NABARD. Employee benefits expense include ₹74.96 lakh (excluding of taxes) towards this reimbursement, rent paid towards accommodation provided and Medical Reimbursement to the MD which is charged to statement of profit & loss.
- The services of one General Manager, one Deputy General Manager, one Assistant General Manager and one Manager of NABARD are utilized by NABFINS on a placement basis. As per the terms of placement, 100% of the remuneration paid to these officials on placement are being reimbursed to NABARD based on the advice received from NABARD and the same is charged to the statement of profit and loss. Employee benefit expense include ₹158.76 lakh (excluding of taxes) towards this reimbursement.
- During the year the Company has recognized the following amounts in the statement of profit and loss as expense under the head contribution to provident fund and other fund.

(₹Lakh)

Particulars	For the year ended MAR 31, 2022	For the year ended MAR 31, 2021
Employers' contribution to Pension and Provident Fund	234.93	203.36
Employers' contribution to ESIC	54.22	50.85
Labour Fund Employers' Contribution	0.38	0.53

iv. Gratuity.

The Gratuity funds is managed with Life Insurance Corporation of India. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with Payment of Gratuity Act, 1972. The benefits vest after five years of continuous service. The same is payable at the time of separation from the Company or retirement, whichever is earlier. For the year under review a sum of ₹ 98.07 lakh has been paid to the fund and is included in employee benefit expense.

Company has taken actuarial valuation on gratuity and leave encashment for the year ended March 31, 2022. As stated above the company discharges its liabilities towards gratuity by contributing to Life Insurance Corporation of India based on their advice. As per actuarial report the present value of the defined benefit obligations and the related current service cost and past service cost, was measured using the Projected Unit Credit Method.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

The fund balance as on March 31, 2022 is as under:-

A. Change in Defined Benefit Obligation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Defined Benefit Obligation at beginning of year	249.11	185.48
Current Service Cost	62.16	63.15
Past Service Cost		
(Gain) / Loss on settlements	-	-
Interest Expense	16.81	12.61
Benefit Payments from Plan Assets	(13.20)	(8.63)
Remeasurements - Due to Financial Assumptions	(8.57)	2.91
Remeasurements - Due to Experience Adjustments	(17.33)	(6.41)
Defined Benefit Obligation at end of year	288.98	249.11
Discount Rate	7.10%	6.75%
Salary Escalation Rate	6.00% p.a.	6.00% p.a.

B. Change in Fair Value Estimates

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Fair Value of Plan Assets at beginning of year	276.52	195.53
Interest Income	21.49	15.56
Employer Contributions	96.93	75.20
Benefit Payments from Plan Assets	(13.20)	(8.63)
Remeasurements-Return on Assets (excluding Interest Income)	0.92	(1.15)
Fair Value of Plan Assets at end of year	382.65	276.52
Weighted Average Asset Allocations at the year end		
Equities	-	-
Bonds	-	-
Gilts	-	-
Insurance Policies	100%	100%
Total	100%	100%

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

C. Components of Defined Benefit Cost

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Current Service Cost	62.17	63.15
Past Service Cost	-	-
Total Service Cost	62.17	63.15
Interest Expense on DBO	16.81	12.61
Interest (Income) on Plan Assets	(21.49)	(15.56)
Total Net Interest Cost	(4.68)	(2.95)
Reimbursement of Other Long Term Benefits		-
Defined Benefit Cost included in P & L	57.49	60.20
Remeasurements - Due to Demographic Assumptions		-
Remeasurements - Due to Financial Assumptions	(8.57)	2.91
Remeasurements - Due to Experience Adjustments	(17.33)	(6.41)
(Return) on Plan Assets (Excluding Interest Income)	(0.92)	1.15
Total Remeasurements in OCI	(26.82)	(2.36)
Total Defined Benefit Cost recognized in P&L and OCI	30.67	57.84
Discount Rate	7.10%	6.75%
Salary Escalation Rate	6.00%	6.00%

D. Amounts recognized in the Statement of Financial Position

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Defined Benefit Obligation	288.98	249.11
Fair Value of Plan Assets	382.65	276.52
Funded Status - Short / (Excess)	(93.67)	(27.41)
Effect of Asset Ceiling / Onerous Liability		-
Net Defined Benefit Liability / (Asset)	(93.67)	(27.41)

E. Net Defined Benefit Liability / (Asset) reconciliation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Net Defined Benefit Liability/(Asset) at beginning of year	(27.41)	(10.05)
Defined Benefit Cost included in P & L	57.49	60.20
Total Remeasurements included in OCI	(26.82)	(2.36)
Amount recognized due to Plan Combinations	-	-
Employer Contributions	96.93	(75.20)
Credit to Reimbursements	-	-
Net Defined Benefit Liability / (Asset) at end of year	(93.67)	(27.41)

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Expected Cash flow for following years

(₹ Lakh)

Maturity Profile of Defined Benefit Obligations	
Next 12 Months	11.82
Year 2	14.88
Year 3	18.48
Year 4	24.71
Year 5	19.22
Year 6	18.56
Year 7	21.99
Year 8	19.20
Year 9	19.09
Year 10	16.26

Actuarial Assumptions

The principal financial assumptions used for valuation as at the Valuation Date are shown below. The assumptions as at the Valuation Date are used to determine the Present Value of Defined Benefit Obligation at that date.

Summary of Financial & Demographic Assumptions

Particulars	Valuation Date	
	MAR 31, 2022	MAR 31, 2021
Discount Rate	7.10%	6.80%
Salary Escalation - First 5 Years	6.00%	6.00%
Salary Escalation - After 5 Years	6.00%	6.00%
Expected Rate of Return on Plan Assets	7.10%	6.75%
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Withdrawal Rate	As per table below	As per table below
Retirement Age	60 Years	60 Years
Average Future Service	29.04	29.04

NOTE: As stated above the company obtained the actuarial valuation report to know obligation and additional contribution amount of ₹ 93.67 lakh (₹382.65 lakh - 288.98 ₹ lakh) made towards gratuity is being carried forward without recognising the plan asset/reversing the additional provision in the books.

- v. The Company has provided a sum of ₹136.63 lakh towards leave encashment on undiscounted basis as per the policy of the as on March 31, 2022.

The Company has obtained actuarial valuation report on leave encashment as on March 31, 2022. As per actuarial report the present value of the defined benefit obligations and the related current service cost and past service cost, was measured using the Projected Unit Credit Method.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

A. Change in Defined Benefit Obligation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Defined Benefit Obligation at beginning of year	112.15	116.61
Current Service Cost	90.31	89.81
Past Service Cost	-	-
Total Service Cost	90.31	89.81
Interest Expense on DBO	7.57	7.93
Settlement Payments from Plan Assets	(136.64)	(106.74)
Defined Benefit Cost included in P & L		
Remeasurements - Due to Financial Assumptions	(2.87)	0.65
Remeasurements - Due to Experience Adjustments	52.95	3.88
Total Defined Benefit Cost recognized in P&L and OCI	123.47	112.15
Discount Rate	7.10%	6.75%
Salary Escalation Rate	6.00% p.a	6.00% p.a

B. Amounts recognized in the Statement of Financial Position

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Defined Benefit Obligation	123.47	112.15
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	123.47	112.15
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	123.47	112.15

C. Net Defined Benefit Liability / (Asset) reconciliation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Net Defined Benefit Liability/(Asset) at beginning of year	112.15	116.61
Defined Benefit Cost included in P & L	97.88	97.74
Total Remeasurements included in OCI	50.08	4.54
Employer Direct Benefit Payments	(136.64)	(106.74)
Net Defined Benefit Liability / (Asset) at end of year	123.47	112.15

D. Current and Non-Current Liability and Asset

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Non-Current Assets	-	-
Current Liabilities	8.69	7.75
Non-Current Liabilities	114.77	104.40

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Expected Cash flow for following years

(₹ Lakh)

Maturity Profile of Defined Benefit Obligations	
Next 12 months	8.70
Year 2	9.26
Year 3	8.89
Year 4	9.68
Year 5	8.26
Year 6	7.94
Year 7	8.63
Year 8	7.56
Year 9	7.68
Year 10	6.92

The weighted average duration of defined benefit obligation is 5.28. Best Estimate of Contribution during the next year. The Best Estimate Contribution for the Company during the next year would be ₹ 112.45 Lakh

Experience Adjustments on Present Value of DBO and Plan Assets

Particulars	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
(Gain) / Loss on Plan Liabilities	52.94	3.88
% of Opening Plan Liabilities	47.21%	3.33%
(Gain) / Loss on Plan Assets	-	-
% of Opening Plan Assets	0%	0%

Discontinuance Liability

Amount payable upon discontinuance of all employment is INR 16,179,932

Summary of Financial & Demographic Assumptions

Particulars	Valuation Date	
	Financial Year Ending MAR 31, 2022	Financial Year Ending MAR 31, 2021
Discount Rate	7.10%	6.75%
Salary Escalation - First 5 Years	6.00%	6.00%
Salary Escalation - After 5 Years	6.00%	6.00%
Expected Rate of Return on Plan Assets	NA	NA
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate	5% of Mortality Rate	5% of Mortality Rate
Withdrawal Rate	As per table below	As per table below
Retirement Age	60 Years	60 Years
Average Future Service	29.12	29.23

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE: As stated above the company obtained the actuarial valuation report to know obligation and additional provision amount of ₹13.15 lakh (₹136.62 lakh – ₹123.47 lakh) made towards leave encashment is being carried forward without recognising the plan asset/reversing the additional provision in the books.

NOTE NO 38

EXPENDITURE UNDER CORPORATE SOCIAL RESPONSIBILITY –

(₹Lakh)

(a)	Amount required to be spent by the company during financial year 2021-22	₹100.60
(b)	Amount of expenditure incurred	₹19.97
(c)	Shortfall at the end of the year	Nil
(d)	Total of previous years shortfall	Nil
(e)	Reason for shortfall	Not applicable
(f)	Nature of CSR activities	Promoting sanitation, Promoting education, Promoting health care including preventive health care
(g)	Details of related party transactions	Nabfoundation, a section 8 Company and subsidiary of NABARD. NABFINS sanctioned a project named 'My Pad My Right for Nagaland Region, to Nabfoundation for Installation of a unit for manufacturing sanitary pads in Central Jail, Dimapur, Nagaland at a cost of ₹8,10,000/-.
(h)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	The movement in the provision is provided in Annexure 1 as under

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Annexure 1:

Movement during FY 2021-22 in the provision for CSR obligation:

	Particulars	Amount transferred (₹ Lakh)	Amount used during financial year (₹ Lakh)	Remarks
A.	Balance at the beginning of the Year pertaining to FY 2020-21		104.24	
B.	Swachh Bharat Kosh (for un-earmarked project)	7.69	7.69	
	For construction of a community toilet complex in Dist. Hospital, Mandya	2.81	2.81	
	For design, development and maintenance of website in relation with 'Project NEW' in NER	5.77	5.77	
	For procurement of medical equipment and industrial gen. set required for their Operation Theatre in UGPHC, Katchur, Thiruvallur	17.09	17.09	
	For construction of a school toilet in 4 identified govt. schools of Bokaro district of Jharkhand	23.67	23.68	
	For construction of school toilet, indoor stadium and providing safe drinking water at Govt. High School, Akkirampura, Koratagere Taluk, Madhugiri	25.00	12.50	Remaining amount has been carried forward to next year
	For construction of a community toilet complex in Victoria Hospital, Bengaluru	11.64	11.64	
	For construction of school toilet and providing RO Water purifier at Government School, Sennakunam, Villupuram	10.57	9.56	Remaining amount has been carried forward to next year
C	Balance at the end of the Year pertaining to FY 2020-21 (A-B)		13.50	
D	Addition to Provision during the Year pertaining to FY 2021-22		81.08	
E	Balance at the end of the Year (C+D)		94.58	

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Annexure 2:

Details of CSR activities undertaken during the year FY 2021-22

As against the CSR budget of ₹100.60 lakh for FY 2021-22, the Company sanctioned amount, over and above the budget and the excess amount shall be set-off in next year's CSR obligation. The particulars of the amount sanctioned and released by the Company during FY 2021-22, is appended below:

(₹ in lakh)

Sl. No.	Activity	Amount sanctioned	Amount released
01	For providing relief materials to those affected by flood in Raigad District of MH	2.54	2.54
02	For installation of a unit for manufacturing sanitary pads in Central Jail, Dimapur, Nagaland	8.10	4.05
03	For installation of generator set at GCHC, Sivagiri, TN	7.49	7.49
04	For installation of medical equipment and desktop & printer at GPHC, Kolanalli, TN	1.89	1.89
05	For construction of community toilet at Bhadravathi Taluka Hospital of Shivamogga District, KA	20.00	4.00
06	For providing computers for their Computer Lab at St. Thomas Higher Secondary School, Kozhencherry, Pathanamthitta, KL	15.00	Nil
07	For installing electronic gadgets for digital education at GHPMS, Hemmadaga, Belagavi, KA	2.17	Nil
08	For construction of toilet and urinal blocks and installation of RO water purifier at GHS, Su. Pilrampattu, Villupuram District, TN	14.10	Nil
09	For providing Computer systems with necessary accessories and interactive flat panel for a smart classroom at GPS, Kalikuppam, Karaikal, PY	3.26	Nil
10	For construction of toilet and providing safe drinking water in three Government Schools of Cuddalore District.	18.40	Nil
11	For construction of toilet at GPS, Doddahalli, Magadi Taluk, Ramanagara District, KA	0.51	Nil
12	For construction of girls' toilet and adapted toilet and installation of equipment for smart classrooms at Govt. H.S.L.P. School, Aryad, Alappuzha, KL	7.59	Nil
	TOTAL	101.05	19.97
	Balance transferred to CSR UNSPENT AMOUNT A/C (i.e.; Provision made for FY 2021-22)		81.08

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO 39

RELATED PARTY TRANSACTIONS –

Details of Related Parties and Nature of relationship:

Description of Relationship	As at MAR 31, 2022	As at MAR 31, 2021
Holding Entity	NABARD	NABARD
Share Holder	Union Bank of India	Union Bank of India
Non-Executive Chairman & Independent Director	Shri Jugal Kishore Mohapatra	Shri Jugal Kishore Mohapatra
Non-Executive Chairman & Independent Director	Shri S V Ranganath	-
Managing Director (KMP)	Shri Jiji Mammen	Shri Jiji Mammen
Independent Director	Dr. Charan Singh	Dr. Charan Singh
Independent Director	-	Shri Subhash C Kalia
Independent Director	Shri Manoj Kumar Sharma	Shri Manoj Kumar Sharma
Independent Director	-	Shri S K Giri
Independent Director	Shri Ajay Kumar Kapur	
Independent Director	Dr. Deepali Pant Joshi	Dr. Deepali Pant Joshi
Independent Director	Shri K Udaya Bhaskara Reddy	Shri K Udaya Bhaskara Reddy
Chief Financial Officer (KMP)	Shri K S S Prasad	Shri K S S Prasad
Chief Financial Officer (KMP)	Sri Sanjay Kumar	-
Company Secretary (KMP)	Ms. Savitri Hegde	Ms. Savitri Hegde
Company Secretary (KMP)	Ms. Sumati Sharma	-
Common Parent	NABFOUNDATION	NABFOUNDATION

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Transactions with the related parties

(₹ in lakh)

Name(s) of the related party	Nature of Relationship	Nature of Contracts / Arrangements / Transactions	For The Year Ended MAR 31, 2022	For The Year Ended MAR 31, 2021
NABARD	Holding Entity	Loan Received	54,552.20	34,203.00
		Loan Repaid	41,757.26	45,776.93
		Interest	8045.32	9438.13
		Rent Payment	5.00	-
		Dr. G R Chintala, Managing Director (KMP)	-	12.68
		Shri Jiji Mammen, Managing Director (KMP)	74.96	63.92
		Shri Vinod C., Chief Operating Officer (GM)	50.00	45.86
		Shri K S S Prasad, Chief Financial Officer (GM)	-	45.36
		Shri Sanjay Kumar Chief Compliance Officer (GM)	45.96	39.15
		Shri Manoj Chalak (DGM)	-	18.88
		Shri K Radhakrishnan, Chief Technology Officer (DGM)	40.70	36.71
		Shri Shantveer Serikar Chief Information Officer (AGM)	22.10	13.36
		Other Payments for NABARD Staff	-	-

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Name(s) of the related party	Nature of Relationship	Nature of Contracts / Arrangements / Transactions	For The Year Ended MAR 31, 2022	For The Year Ended MAR 31, 2021
Shri Jugal Kishore Mohapatra ²	Non - Executive Chairman & Independent Director	Sitting Fee	1.75	2.60
Shri S V Ranganath ⁴		Sitting Fee	1.00	
Shri Jiji Mammen	Managing Director	Residential Rent	6.21	4.00
Shri Subhash C Kalia	Independent Directors	Sitting Fee		1.50
Dr. Charan Singh ³			0.90	2.30
Shri Manoj Kumar Sharma			2.25	2.25
Shri S K Giri				1.70
Shri Ajay Kumar Kapur ⁵			1.40	
Dr Deepali Pant Joshi	Additional Director		2.50	0.30
Shri K Udaya Bhaskara Reddy			2.10	0.30
Ms. Savitri Hegde ⁶	Company Secretary (KMP)	Remuneration	2.33	8.92
Ms. Sumati Sharma ⁷			5.66	8.92
NABFOUNDATION ⁸	Common Parent	CSR	9.82	5.77

1. The above stated amounts are exclusive of GST;

2 & 3 Shri Jugal Kishore Mohapatra and Dr. Charan Singh, completed their tenure on the Board from the close of business on September 30, 2021;

4 & 5 Shri S V Ranganath and Shri Ajay Kumar Kapur, were appointed as Independent Directors with effect from October 01, 2021

6 & 7 Ms. Savitri Hegde resigned from the post of Company Secretary from the close of business on June 30, 2021, and Ms. Sumati Sharma, was appointed as the Company Secretary with effect from July 01, 2021

8 As per Indian Accounting Standard (Ind AS) 24 on Related Party Transactions as notified under section 133 of the Companies Act 2013, M/s. Nabfoundation, being subsidiary of same parent company i.e;

NABARD, falls under the category of Related Party. The amount mentioned in FY2021-22, also contains the CSR obligation for FY2020-21 which was released in FY2021-22.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**NOTE NO. 40****FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS –**

Following table illustrates the Fair value measurement of Financial Instruments-

(₹ Lakh)

Particulars	Carrying Value	Fair value	Fair value		
			Level - I	Level - II	Level - III
As at March 31st 2022					
Financial Assets					
a) Cash and cash equivalents	3,632.28	3,632.28	3,632.28	-	-
b) Bank Balances other than (a) above	4,161.45	4,161.45	4,161.45	-	-
c) Loans (net)	1,61,394.47	1,61,394.47	-	-	1,61,394.47
d) Other Financial Assets	569.40	569.40		-	569.40
Total	1,69,757.60	1,69,757.60	7,793.72	-	1,61,963.88
Financial Liabilities					
a) Payables	322.62	322.62	-	322.62	-
b) Borrowings	1,33,436.76	1,33,436.76	-	1,33,436.76	-
c) Other Financial Liabilities	2,120.71	2,120.71	-	2,120.71	-
d) Lease Obligation	561.35	561.35		-	561.35
Total	1,36,441.43	1,36,441.43	-	1,35,880.09	561.35

(₹ Lakh)

Particulars	Carrying Value	Fair value	Fair value		
			Level - I	Level - II	Level - III
As at March 31st 2021					
Financial Assets					
a) Cash and cash equivalents	551.77	551.77	551.77	-	-
b) Bank Balances other than (a) above	15,169.73	15,169.73	15,169.73	-	-
c) Loans (net)	1,43,264.40	1,43,264.40	-	-	1,43,264.40
d) Other Financial Assets	712.31	712.31		-	712.31
Total	1,59,698.21	1,59,698.21	15,721.50	-	1,43,976.71
Financial Liabilities					
a) Payables	377.34	377.34	-	377.34	-
b) Borrowings	1,25,794.63	1,25,794.63	-	1,25,794.63	-
c) Other Financial Liabilities	2,095.56	2,095.56	-	2,095.56	-
d) Lease Obligation	441.98	441.98	-	-	441.98
Total	1,28,709.51	1,28,709.51	-	1,28,267.53	441.98

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 41

MATURITY ANALYSIS OF ASSETS AND LIABILITIES –

(₹ Lakh)

Particulars		As at MAR 31, 2022			As at MAR 31, 2021		
	ASSETS	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
1	FINANCIAL ASSETS						
(a)	Cash and Cash Equivalents	3,632.28	-	3,632.28	551.77	-	551.77
(b)	Bank Balances other than(a)above	4,161.45	-	4,161.45	15,169.73	-	15,169.73
(c)	Loans (net)	95,000.07	66,394.40	1,61,394.47	85,266.51	58,103.66	1,43,370.17
(d)	Other Financial Assets	479.36	90.04	569.40	362.70	349.61	712.31
2	NON FINANCIALASSETS			-			
(a)	Current Tax Assets(Net)	-	-	-	-	-	-
(b)	Deferred Tax Assets(Net)		441.31	441.31	-	163.29	163.29
(c)	Property, Plant And Equipment	-	1,277.48	1,277.48	-	1,248.66	1,248.66
(d)	Intangible Assets		-	-	-	52.02	52.02
(e)	Right of Use Assets		508.64	508.64	-	373.81	373.81
(f)	Other Non-Financial Assets	306.27	-	306.27	222.56	-	222.56
	TOTAL-ASSETS	1,03,579.43	68,711.88	1,72,291.30	1,01,467.49	60,291.05	1,61,864.32
	LIABILITIES AND EQUITY						
1	FINANCIAL LIABILITIES						
(a)	Payables	349.63	75.91	425.53	256.93	120.41	377.34
(b)	Borrowings(other than debt securities)	65,061.38	68,375.37	1,33,436.76	46,827.22	78,967.42	1,25,794.63
(c)	Other Financial Liabilities	337.83	1,221.54	1,559.36	836.18	1,444.96	2,281.15
(d)	Lease Obligation	-	561.35	561.35	-	441.98	441.98
2	NON-FINANCIAL LIABILITIES			-			
(a)	Current Tax Liabilities(Net)	158.90	-	158.90	97.40	-	97.40
(b)	Provisions	136.63	-	136.63	126.71	-	126.71
(c)	Other Non-Financial Liabilities	268.75	1,570.19	1,838.94	222.77	105.77	328.54
3	EQUITY			-			
(a)	Equity Share Capital	-	16,165.63	16,165.63	-	16,165.63	16,165.63
(b)	Other Equity	-	18,008.21	18,008.21	-	16,250.93	16,250.93
	TOTAL-LIABILITIES AND EQUITY	66,313.11	1,05,978.19	1,72,291.30	48,394.72	1,13,363.82	1,61,864.32

NOTE NO 42

CONSUMABLES –

All the purchases towards stationery and other consumables has been made as per the requirement and consumed immediately, hence no material Inventory of consumables is available with the company. Accordingly all the purchases made towards consumables has been charged off in the statement of profit & loss.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO 43

DISCLOSURE UNDER MSME –

There are no dues to any Micro and Small Enterprises to whom the company owes outstanding for more than 45 days as at the Balance Sheet date. The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

NOTE NO. 44

FOREIGN CURRENCY TRANSACTIONS

Particulars	FY 2021-22	FY 2020-21
a. Earnings in Foreign Currency	Nil	Nil
b. Expenditure in Foreign Currency	Nil	Nil

NOTE NO. 45

AUDIT FEES

(₹ Lakh)

Particulars	FY 2021-22	FY 2020-21
Statutory Audit Fee	₹5.45	₹4.91
Tax Audit Fee	₹ 0.55	₹0.55
Secretarial Audit Fees	₹0.42	₹0.42

Note: The above stated amounts are inclusive of taxes as applicable.

NOTE NO. 46

APPROVAL OF FINANCIAL STATEMENT

The Standalone financial statement for the year ended March 31, 2022 were authorized and approved for issue by the Board of Directors on April 29th 2022.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 47

CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) (₹ Lakh)

Particulars	As at MAR 31, 2022	As at MAR 31, 2021
i) Contingent Liabilities		
Disputed claims against the Company not acknowledged as debts	58.77	58.77
Guarantees	-	-
Total	58.77	58.77
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Loans sanctioned but not disbursed	-	-
Other commitments	-	-
Total	-	-
Income Tax Matter		
Appeal by the company#	58.77	58.77

During the FY 2020-21, the Company has received income tax assessment order passed under 143(3) of the Income Tax Act for the assessment year 2018-19. The assessing officer issued demand notice under section 156 for payment of ₹165.76 lakh which comprises a sum of ₹89.24 lakh towards dividend distribution tax which is inclusive of interest of ₹27.26 lakh on dividend distribution tax and ₹ 76.51 lakh towards income tax. The Company has paid the dividend distribution tax on respective due dates. Hence paying dividend distribution tax and interest on dividend distribution does not arise. The Company has accepted the partial demand of tax based on the assessment order and has discharged the tax liability of ₹17.73 lakh as against ₹76.51 lakh. The Company has filed an appeal for the balance tax amount of ₹58.77 lakh (₹76.51 - ₹17.73) with commissioner of appeal. The balance tax amount of ₹58.77 lakh has been shown under contingent liability. The Company of the opinion that the above demand is not tenable and expects to succeed in its appeal/defence.

The Company has reviewed all other pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**NOTE NO. 48****AMOUNT RECEIVED NOT APPROPRIATED**

The Company operates under Business and Development correspondent model. There are instances where the amount is directly deposited to the bank account of the Company and no information is passed on to the company regarding the deposit by the borrower/B&DC. As a result, such deposits are parked under suspense account. An amount of ₹25.99 lakh which was deposited by various borrowers and/or B&DCs to company's bank accounts and has not been appropriated to borrowers due to non-availability of information. As per the directions from the C&AG of India, the said amount was reduced from the Loan Portfolio. The interest impact has not been considered on the above-mentioned amount.

NOTE NO. 49**OPERATING SEGMENTS –**

- The Company operates in a single reportable segment i.e. financing which has similar risks and returns for the purpose of Ind AS 108 "Operating segments" is considered to be the only reportable business segment. The Company derives its major revenues from financing activities and its customers are widespread. Further, the Company operates only in India which is considered as a single geographical segment.
- No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2022 or March 31, 2021.

NOTE NO. 50**LOANS & ADVANCES TO KMP**

For the year under review, the company has not granted any loan or advances in the nature of loan to promoters, directors or KMPs and the related parties. Hence furnishing information on the same does not arise.

NOTE NO. 51**DETAILS OF BENAMI PROPERTY**

The company does not hold any property in the Benami name. There are no proceedings initiated against the company under Benami Transactions (Prohibition) Act 1988 and rules, hence furnishing information on the same does not arise.

NOTE NO. 52**DECLARATION BY BANKS OR FINANCIAL INSTITUTION AS WILFUL DEFAULTER**

The company is been regular in repaying the debt to NABARD. No bank or financial institution or other lenders have declared our company as willful defaulter. Hence furnishing information on the same does not arise.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 53

RELATIONSHIP WITH STRUCK OFF COMPANIES

The company has no transaction with other companies whose name is struck off under 248 of the Companies Act, 2013 or section 560 of Companies Act 1956, hence furnishing information on the same does not arise.

NOTE NO. 54

COMPLIANCE WITH NUMBER OF LAYERS OF COMPANIES

The Company has complied with number of layers as prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, hence furnishing information of name and CIN of the companies beyond the layers does not arise.

NOTE NO. 55

UNDISCLOSED INCOME

The Company has no transaction which are not recorded in the books of account which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. There are no income and related assets which have been not properly recorded and which were recorded during the year under review.

NOTE NO. 56

INVESTMENT / TRADING IN CRYPTO CURRENT

The company has not traded or invested in Crypto currency or Virtual Currency during the financial year. Hence furnishing information on the same does not arise.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Disclosure required in terms of Annexure XII of RBI Master Direction

DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 "Master Direction – Non Banking Financial Company –Systemically Important Non – Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

NOTE NO. 57

CAPITAL MANAGEMENT

The Company's capital management strategy is to effectively determine, raise and deploy capital to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term/long term debt as may be appropriate.

The company determines the amount of capital required based on operations, capital expenditure and strategic investment plans. The capital structure is monitored based on net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

(₹ Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Tier – I Capital	33,732.53	32,201.25
Tier – II Capital	-	-
Total	33,732.53	32,201.25
Aggregate of Risk Weighted Assets	1,65,614.36	1,48,692.58
Tier – I Capital ratio	20.37%	21.66%
Tier – II Capital ratio	-	-
CRAR	20.37%	21.66%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

“Tier II capital” includes the following –

- a) Preference shares other than those which are compulsorily convertible into equity.
- b) revaluation reserves at discounted rate of fifty five percent;
- c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets hybrid debt capital instruments; and
- d) Subordinated debt to the extent of the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets –

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be considered for reckoning the minimum capital ratio.

NOTE NO. 58

DISCLOSURE WITH RESPECT TO INVESTMENTS –

The Company does not have any investment outside India. During the year the company had transacted in fixed deposits and mutual funds per the policy approved by the Board. The investments made are towards short term liquidity management.

EXPOSURES:

(a) Derivatives

The Company did not have any exposure in derivatives as at March 31st 2022 and as at March 31st 2021.

(b) Securitization

The Company did not have any exposure in securitized assets as at March 31st 2022 and as at March 31st 2021.

(c) Exposure to Real Estate Sector

The Company did not have any direct or indirect exposure to the real estate sector as at March 31st 2022 and as at March 31st 2021.

(d) Exposure to Capital Market

The Company did not have any direct or indirect exposure to the capital market as at March 31st 2022 and as at March 31st 2021.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 59

DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

The Company has not financed product of parent company during the year.

DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC:

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the non-banking financial company: Nil
- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet Exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the nonbanking financial company: Nil

NOTE NO. 60

ADDITIONAL DISCLOSURES

Regulator	Registration Number	Date of Registration
Reserve Bank of India	CoR No. 02-00001	November 18, 2008

2. Disclosure of Penalties imposed by RBI and other regulators

No penalty has been imposed by RBI and other regulators during current and previous year.

3. Concentration of Advances: (₹Lakh)

Particulars	Amount
Total Advances to twenty largest borrowers (₹ lakh)	9,113.17
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	5.25%

4. Concentration of Exposures: (₹Lakh)

Particulars	Amount
Total Exposure to twenty largest borrowers / customers	10,627.29
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	83.08%

5. Concentration of NPAs: (₹Lakh)

Particulars	Amount
Total Exposure to top four NPA accounts	1,835.56

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	85.92%
2	MSME	-
3	Corporate borrowers	14.08%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	-

6. Movement of NPAs

Particulars	2021-22	2020-21
a) Movement of Gross NPA		
Opening Balance	1,4219.11	8,846.98
Additions during the year	5,220.29	5714.56
Reduction/write off/upgraded during the year	4,800.00	342.44
Closing Balance	14,639.41	14,219.11
b) Movement of Net NPA		
Opening Balance	2,685.87	2,045.58
Additions during the year	513.18	744.26
Reduction during the year	380.54	103.97
Closing Balance	2,818.53	2,685.87
c) Movement of Provisions for NPAs		
Opening Balance	11,533.24	6,801.40
Provision made during the year	4,707.12	4,970.30
Write-off/ Write-back of excess provisions	4,419.46	238.46
Closing Balance	11,820.90	11,533.24

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

7. Provisions and Contingencies

(₹Lakh)

Break up of 'Provisions and Contingencies' shown under the head – Expenditure in Statement of Profit and Loss	Current Year (FY 2021-22)	Previous Year (FY 2020-21)
Provisions for Depreciation on Investment		-
Provision towards NPA	3,658.11	3,660.02
Provision made towards Income tax	1,296.03	2,036.04
Other Provision and Contingencies (with details)		
(i) Leave Encashment	136.62	126.71
(ii) Leave Travel Allowance		-
Provision for Standard Assets		-

NOTE NO. 61

DISCLOSURE OF COMPLAINTS:

Particulars	No.
(a) No. of complaints pending at the beginning of the year	Nil
(b) No. of complaints received during the year	4
(c) No. of complaints redressed during the year	4
(d) No. of complaints pending at the end of the year	Nil

NOTE NO. 62

NET INTEREST MARGIN DURING THE YEAR:

Particulars	For the year ended MAR 31, 2022	For the year ended MAR 31, 2021
Average Interest (a)	16.80%	17.72 %
Average cost of borrowings (b)	7.13 %	7.96 %
Interest Margin (a – b)	9.67%	9.76 %

Average interest represents the average rate of interest at which loans have been disbursed to the customers.

The Average interest cost of borrowings of the Company for the year ended 31st March, 2022 and 31st March, 2021 has been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 63

DISCLOSURE ON FRAUD –

For the year under review, ₹125.21 lakh was embezzled by employees /B&DC and its representative of which ₹43.55 lakh is recovered. Provision has been made in books for the remaining unrecovered amount.

NOTE NO. 64

(a) STATUTORY RESERVE

During the year, the company has transferred ₹634.52 lakh being 20% profit after tax to the statutory reserves in accordance with the provisions of section 45-IC of Reserve Bank of India Act, 1934.

(b) RISK FUND

The company has allocated a sum of ₹200 lakh towards risk fund as approved by the Board and the interest earned on risk fund has been recognized as income in the statement of profit & loss on accrual basis.

NOTE NO. 65

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities – (₹Lakh)

Particulars	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 Months	Over 3 month & up to 6 Month	Over 6 Month & up to 1 Year	Over 1 year & up to 3 Years	Over 3 years & up to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings (refinance)	-	-	8,875.52	23,262.10	32,137.62	68,375.37	-	-	1,32,650.62
Total	-	-	8,875.52	23,262.10	32,137.62	68,375.37	-	-	1,32,650.62
Assets									
Deposits	-	-	999.47	-	4,147.96	-	-	-	5,147.43
Advances (net)	10,310.48	10,143.53	10,029.78	27,871.38	48,898.39	42,097.59	21,968.62	2,213.36	1,73,647.96
Total	10,310.48	10,143.53	11,029.25	27,871.38	53,046.35	42,097.59	21,968.62	2,213.36	1,78,795.39

Note: Positive mismatch arises in some time buckets, as our liability mainly consists of NABARD refinance which is repayable in quarterly / half yearly installments. The surplus in these time buckets is used for loan disbursement and balance is parked in fixed deposits to meet the repayment commitments of NABARD refinance.

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 66

Disclosure pursuant to Reserve Bank of India notification no

DOR(NBFC).CC.PD.No.109.22.10.106/2019-20 dated March 13, 2020

(₹Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,56,605.28	394.40	1,56,210.88	624.52	-230.13
	Stage 2	2,403.28	38.20	2,365.08	9.57	28.63
Subtotal		1,59,008.55	432.60	1,58,575.96	634.09	-201.49
Non-Performing Assets (NPA)						
Substandard	Stage 3	12,923.45	10,104.94	2,818.51	10,848.75	-743.81
Doubtful - up to 1 year	Stage 3	800.99	800.99	-	803.21	-2.22
1 to 3 years	Stage 3	874.72	874.72	-	874.79	-0.08
More than 3 years	Stage 3	40.25	40.25	-	40.25	-
Subtotal for Doubtful		14,639.41	11,820.90	2,818.51	12,567.01	-746.11
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		14,639.41	11,820.90	2,818.51	12,567.01	-746.11
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1					
	Stage 2					
	Stage 3					
Subtotal						
Total	Stage 1	1,56,605.28	394.40	1,56,210.88	624.52	-230.13
	Stage 2	2,403.28	38.20	2,365.08	9.57	28.63
	Stage 3	14,639.41	11,820.90	2,818.51	12,567.01	-746.11
	Total	1,73,647.96	12,253.49	1,61,394.47	13,201.09	-947.60

The carrying value of impairment allowance under IND AS 109 as on March 31, 2022 was lower as compared to Income Recognition and Asset Classification and Provisioning Norms issued by Reserve Bank of India. Accordingly, in compliance to the above circular, the company has appropriated the additional provisioning required according to Income Recognition and Asset Classification and Provisioning Norms amounting to ₹947.60 lakh (₹13201.09 lakh - ₹12253.49 lakh) by appropriation from profit and loss account. The same is shown in financial statement in Note No 16 as impairment allowance under other non-financial liabilities.

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO. 67

COVID 19 MEASURES:

In terms of the Reserve Bank of India Circular DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021, the Company took measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic. The Company has rescheduled the instalments as per the guidelines of the RBI, along with the approval of the Board of Directors of the Company.

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	41,124	-	-
(B)	Number of accounts where resolution plan has been implemented under this window	41,124	-	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	9,487.13	-	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	467.65	-	-

As per the resolution framework 2.0, the company has to create additional provision at the rate 10 % on all loan accounts on which the resolution frame work has been implemented. In compliance to above resolution frame work, the company has created an additional provision on loan accounts for which resolution frame work was implemented. As on march 31, 2022, the Company holds an additional provision of ₹467.65 lakhs on such loan accounts. Since the Company has prepared its financial statements under Ind AS standard, the additional provision of ₹467.65 lakh has been created by appropriation from profit and loss account.

The additional provision required under Income Recognition and Asset Classification and Provisioning Norms issued by Reserve Bank of India as stated in Note No 67 for ₹947.60 lakhs and additional provision of ₹467.65 lakhs created on rescheduling of account is shown together as impairment allowance (₹947.60 lakhs + ₹467.65 lakhs) ₹1415.25 lakhs in financial statement in Note No 16 under other non-financial liabilities.

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**COVID Resolution Framework - 1.0 - Status as on 31 March 2021****(₹ Lakh)**

	(A)	(B)	(C)	(D)	(E)
FY	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of(B), aggregate amount of Debt that was converted in to other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	increase in provisions on account of the implementation of the resolution plan
Mar-21	405946	1,25,740.38	Nil	Nil	1,986.11

Note:

1. Amount ₹1,25,740.38 Lakh includes interest capitalised for the period of moratorium.
2. Exposure outstanding for which incremental provision is required as per the Resolution framework 1.0 ₹19,861.17 Lakh

	(A)	(B)	(C)	(D)	(E)
FY	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of(B), aggregate amount of Debt that was converted in to other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	increase in provisions on account of the implementation of the resolution plan
Mar-22	149280	18,227.37	Nil	Nil	0.7

Note:

1. Amount ₹18,227.37lakh includes interest capitalised for the period of moratorium.
2. Exposure outstanding for which incremental provision is required as per the Resolution framework 1.0 ₹7.04 lakh

Moratorium Interest**(₹ Lakh)**

	(A)	(B)	(C)	(D)	(E)
FY	Exposure to accounts classified as standard consequent to implementation of resolution plan-Position as at the end of the previous year(A)	of(A), aggregate debt that slipped into NPA during year	of(A) amount written Off during the year	Of (A) amount paid by the borrower during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan-Position as at the end of the year
Mar-21	1,25,740.38	56,73.52	0.00	80,974.96	68,587.96
Mar-22	68,587.96	4,818.51	0.00	62,642.98	8,460.84

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

NOTE NO 68 COMPARATIVES

Previous Year figures are regrouped / reclassified and restated wherever necessary to make them comparable with current year's classification / disclosure.

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of NABFINS Limited

S V RANGANATH
CHAIRMAN
DIN: 00323799

Jiji MAMMEN
MANAGING DIRECTOR
DIN : 06808988

SANJAY KUMAR
CHIEF FINANCIAL OFFICER
PAN: ACPPK7596N

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

As per our report of even date

For P Chandrasekar LLP
Chartered Accountants
Firm Reg No: 000580S / S200066

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place: Bengaluru
Date: April 29, 2022

Schedule to the
Balance Sheet of a Non-Deposit taking Non-Banking Financial Company
(As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007)
As on March 31st, 2022

Sl.	Particulars	(₹ In lakhs)	
	Liabilities Side :		
(1)	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	NIL	NIL
	: Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (specify nature)- Refinance from NABARD	1,32,650.62	NIL
	* Please see Note 1 below		
(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		
	* Please see Note 1 below		
	Assets side :		
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount outstanding	
	(a) Secured	NIL	
	(b) Unsecured	1,73,647.96	
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	Amount outstanding	
	(i) Lease assets including lease rentals under sundry debtors :	NIL	
	(a) Financial lease	NIL	
	(b) Operating lease	NIL	
	(ii) Stock on hire including hire charges under sundry debtors:	NIL	
	(a) Assets on hire	NIL	
	(b) Repossessed Assets	NIL	
	(iii) Other loans counting towards AFC activities	NIL	
	(a) Loans where assets have been repossessed	NIL	
	(b) Loans other than (a) above	NIL	

(5) Break-up of Investments :			
Current Investments :			Amount outstanding
1.	Quoted :		NIL
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL
2.	Unquoted :		
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL
Long Term investments :			
1.	Quoted :		NIL
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL
2.	Unquoted :		
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL

(6)	Borrower group-wise classification of assets financed as in (2) and (3) above :				
	Please see Note 2 below				
	Category		Amount net of provisions		
			Secured	Unsecured	Total
	1.	Related Parties **			
	(a)	Subsidiaries	NIL	NIL	NIL
	(b)	Companies in the same group	NIL	NIL	NIL
	(c)	Other related parties	NIL	NIL	NIL
	2.	Other than related parties	NIL	1,73,647.96	1,73,647.96
		TOTAL		1,73,647.96	1,73,647.96

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
Please see Note 3 below			
Category	Amount net of provisions		
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties **			
(a) Subsidiaries	NIL		NIL
(b) Companies in the same group	NIL		NIL
(c) Other related parties	NIL		NIL
2. Other than related parties	NIL		NIL
TOTAL	NIL		NIL
As per Accounting Standard of ICAI (Please see Note 3)			

(8) Other Information			
Particulars			Amount
(i)	Gross Non-Performing Assets		NIL
	(a) Related parties		NIL
	(b) Other than related parties		₹14,639.41
(ii)	Net Non-Performing Assets		NIL
	(a) Related parties		NIL
	(b) Other than related parties		₹2,818.53
(iii)	Assets acquired in satisfaction of debt		NIL

Notes:

- As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be as applicable to it in terms of Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

The accompanying notes form an integral part of the financial statements

For NABFINS Limited

S V RANGANATH
CHAIRMAN
DIN: 00323799

JIJI MAMMEN
MANAGING DIRECTOR
DIN : 06808988

SANJAY KUMAR
CHIEF FINANCIAL OFFICER
PAN: ACPPK7596N

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

As per our report of even date

For P Chandrasekar LLP
Chartered Accountants
Firm Reg No: 000580S / S200066

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place: Bengaluru
Date: April 29, 2022

STORIES FROM THE FIELD



1. Earning a livelihood with dignity and respect

Rupa Tandon is a 38-year-old specially-abled woman from Mandir Hasaud village of Raipur district in Chhattisgarh. She lives with her family comprising of her husband, son and daughter-in-law. Rupa is handicapped with her legs since birth however she has a strong will to be self-standing and therefore she thought of having a small shop to earn her livelihood. She gathered a small amount of capital from friends and relatives and started running a grocery shop from the window of her small room. Hailing from low-economic household, individuals like her are vulnerable because of the many barriers they face: attitudinal, physical and financial. Such individuals are

also marginalized and are bound to avail loans from informal relationships and money lenders. These loans, however, come at a high cost and can be unreliable. That is when she got to know about the microfinance loan being provided from NABFINS to some of the women from nearby mohallas. She approached NABFINS as a member of JLG and received her loan amount within a few days. With the help of that loan amount she scaled the business by buying more items for her grocery shop and since then she has been a regular borrower of NABFINS.

Easy and credit at her doorstep has not only helped her financially but has also affected her social life. Being a specially-abled person she is now owning and running her own business successfully and earning a livelihood with dignity and respect. NABFINS take pride for being an MFI ensuring last mile delivery in the rural hinterlands and enhancing the lives and livelihoods of such vulnerable sections of the society.

2. Graduating enterprise towards growth and scale

Mrs. Selvi Murali has been earning her livelihood by selling vegetables in the streets of Fort St George area of Chennai. With her limited savings, she joined Punthagai Desam SHG and started attending group meetings. She wanted to expand her business and therefore she along with the other members of the group approached NABFINS to provide necessary credit to improve and scale-up their businesses. The group received its first loan of ₹610,000/- from NABFINS in February 2015. From the loan amount received, she purchased a pushcart to sell more vegetables and earn more income. The group has been regular in savings and loan repayments and availed third loan in March 2022. Timely and affordable credit by NABFINS has not only helped her in graduating the business to higher levels but has also helped her to improve her socio-economic status and enterprising skills. With the third loan of ₹90,000/- from NABFINS, Mrs. Selvi started dealing wholesale vegetable & fruit business from her shop in the main market marching towards growth and happy life and has been an inspiration for the other group members. The group members feels happy about their association with NABFINS which has lifted up their lives.



3. Savories of Success

Sulochana Sao belongs to a very poor family. Having one daughter and one son in the family, she has to manage the expenses of the family and therefore decided to venture into snacks business to earn her living. She approached NABFINS to extend financial assistance for purchasing necessary utensils and machines for preparing and packing snacks. With capital from her own savings and loan of ₹40,000/- she established her business and started preparing and selling snacks and local savories to the nearby towns. She has not only involved the family members



to support but has also employed neighboring women in her venture who earn ₹200/- to 300/- daily by assisting her. NABFINS loan has not only helped her to earn a profit of ₹800/- to ₹900/- from the business but has also helped to overcome the vagaries in her life and becoming self-reliant. Sulochana is an example of NABFINS' endeavor in transforming women to successful and empowered entrepreneur.

4. Conserving Heritage, Enhancing livelihood.

Known the world over for its soft texture and purity, 'Kosa' is a version of Tussar high-quality silk produced predominantly in the state of Chhattisgarh. The industry has not only shaped up on the small-scale model but is a major source of livelihood as it employs thousands of local weavers, especially women and for rearing of silkworms, extracting silk yarn and preparation of threads from the yarn.

Kasturi Sidar is one among such weavers who earn her livelihood from this occupation. Having skilled in the complex and painstaking process of weaving the delicate Kosa threads, Kasturi wanted to own her own set-up to be independent



and scale-up the production. She formed a Joint Liability Group comprising of other like-minded women engaged in the activity and received loan of ₹40,000/- to purchase necessary machinery and set-up her own unit. Timely and affordable credit from NABFINS has not only helped to enhance livelihood of such rural artisans but also contributed in conserving and promoting the rare cultural heritage of the state and Indian ethnic fabric.

5. Baskets of Happiness

Having abundant forest cover makes Chhattisgarh, major producer of bamboo products. The tribal regions of Chhattisgarh are main centers for production of bamboo craft. Some of the tribal communities which are especially famous for their Bamboo Work include Gond, Baiga, Korku and Basor or Basod. Cane and Bamboo have been an ineluctable part of this region's life style, used for making fishing nets, in building homes, baskets, kanwad (load carrying poles), musical instruments, decorative items, furniture and for storing food grains and agricultural harvests. Possessing finest craftsmanship, Bamboo forms the basis of livelihood for the Basod community who make a living crafting variety of articles made with bamboo.

Sumitra Basod is one among such tribal women residing at Netnagar village in Raigarh district engaged in Bamboo Handicrafts making. In February 2022, she approached NABFINS to avail loan of ₹40,000/- for purchasing raw materials to meet the increasing demand and earn more. With the financial support received from NABFINS, she could harness her craftsmanship and support her family by increasing the earning by ₹12,000/- per month and leading a happy life.



6. Determination and perseverance are secret to sustenance

Sheela Bai Yadav hails from a low income household comprising of her husband, one son and two daughters. Her husband's income was not substantial to make ends meet and it was difficult to manage family and bringing up the children. She wanted to support her husband and therefore decided to venture into a low investment small enterprise that can be run from home and simultaneously manage day-today family affairs. She decided to manufacture disposable plates and bowls but didn't had enough savings to buy necessary machines and equipment. She, then availed her first cycle loan of ₹40,000/- in February 2021 from NABFINS and bought the machine. Gradually the business flourished, she repaid the 1st loan successfully and availed 2nd loan of ₹50,000/- recently. Motivated from her harwork and determination her husband and children also supported her relentlessly working on the machine to make more disposable plastic bowls and plates. With consistent hardwork and perseverance, Sheela bai Yadav is not only happily leading her life but with the increased income she is able to provide better education to her son and daughters. NABFINS is proud to be enabler of their business and supporting the family in sustaining income and leading a better life.



GIVING BACK TO COMMUNITY

For financial year 2021-22, with focus on health, hygiene, sanitation and education, NABFINS sanctioned 12 projects under Corporate Social Responsibility worth ₹101.05 lakh in North-East, Maharashtra, Karnataka, Kerala, Pondicherry and Tamil Nadu. This includes supports such as installation of a unit for manufacturing sanitary pads in Central Jail of Dimapur, Nagaland, providing relief materials to those affected by flood in Raigad District in Maharashtra, installation of medical equipment in Govt. Hospitals in Tamil Nadu, construction of school & public toilets in Karnataka, Kerala and Tamil Nadu, providing computer systems with necessary accessories in the Schools of Kerala & Pondicherry.







Glimpse of
Enterprises



nabfins

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