

ANNUAL REPORT

2022 - 23



NABFINS LIMITED

ANNUAL REPORT

2022-23



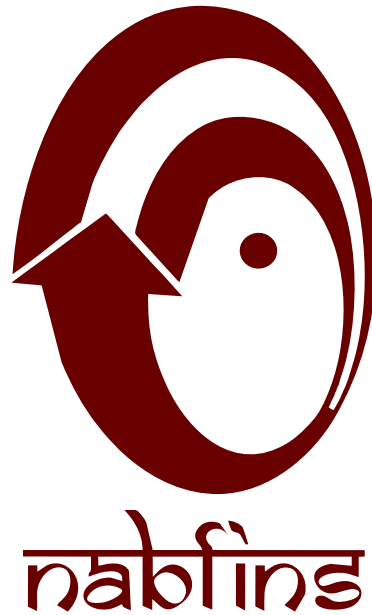
NABFINS Limited

(Formerly NABARD Financial Services Limited)

3072, 14th Cross, K.R. Road, Banashankari 2nd Stage, Bengaluru - 560 070 Karnataka, India

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Our Vision

"To become the model mFI in the country."

Our Mission

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

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BOARD OF DIRECTORS



Shri Sakalespur Visweswaraiya Ranganath,
Chairman & Independent Director



Shri Luthfulla Khan Atheeq, IAS
Nominee Director, Govt. of Karnataka



Shri Niraj Kumar Verma
Nominee Director, NABARD



Shri Manoj Kumar Sharma
Independent Director



Shri Tadepalli Ramesh
Nominee Director, NABARD



Dr. Deepali Pant Joshi
Independent Director



Shri Ajay Kumar Kapur
Independent Director



Shri K Udaya Bhaskara Reddy
Independent Director



Smt. Karthikabhavan Arjunan Sindhu
Nominee Director, Canara Bank



Shri B R Sreenivasa Rao
Nominee Director, Union Bank of India



Dr. Diwakar Hegde
Managing Director



Shri Sanjay Kumar
Nominee Director, NABARD



FROM THE CHAIRMAN'S DESK

I appreciate the remarkable business performance of your company during the year which is 42% more than the previous year, surpassing the expectations of the Board.

I would like to complement all the members of the NABFINS family, who have been working with commitment and dedication for fulfilling the mission of the Company. Their efforts have helped us reach out to more than 9 lakh poor families with a credit support of ₹1840 crore. Our purpose has been to reach out the low income households and the unorganized sector, especially the women clients. The Company had expanded to two new geographies during the year. The Company has plan of opening exclusive branches to run and led by women staff.

In addition to extending credit, your Company also took steps to support the basic needs of the people through its CSR activities. The focus of the CSR activities during the year was on sanitation. The projects sanctioned during the year provided support to such activities in different states. The Company has extended a new product of Insurance during the year to cover both the customers and their spouse based on market demand and through experience gathered during COVID Pandemic. The Company has plans to have an exclusive department for Products and Strategy in the next year, to introduce new products based on the market requirements and modify the existing products based on demand, experience gathered.

Keeping in view of the increased aspirations of the employees of the Company and to retain the best talents, the compensation structure was reviewed and revised during the year. We believe the best talents shall retain with us and contribute to the company to achieve its vision.

We are really blessed and proud by having wonderful and learned members in our Board. Every single Director on our Board extended their full support to the management in this crucial juncture and I am sincerely thankful to all of them.

A sincere thanks to the sub-committees of the Board, for their contributions in shaping our policies, strategies and risk management framework. The sub-committee through its meticulous review and analysis had helped us to identify potential risk, devise mitigation strategies and ensure compliance with regulatory requirements.

I abundantly thank each and every client of the Company and assure that they would continue to remain our focus. 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

I am sure the Company will grow from strength to strength and emerge as a major player in the microfinance sector. I promise that the pathway of NABFINS continues to enhance the livelihood of its clients by facilitating their economic and social empowerment.

S V Ranganath
Chairman



FROM THE MANAGING DIRECTOR'S DESK

Microfinance in India has been expanding rapidly as a viable financial services business because of the influx of NBFC - MFIs, growth of the self-help groups (SHG) business by Banks, Small Finance Banks and major private sector banks, JLG and availability of variety of products by the MFI. The Microfinance sector had its ups and downs due to external shocks, but has proven to be resilient and evident post demonetization and pandemic. Despite the odds, the sector has evolved into one among the fastest growing and most profitable segments, creating a positive impact on the lives of a large number of families served by the financial sector. With the introduction of revised regulatory guidelines of Micro finance lending by RBI, sector accords seriousness in assessment of household income, FOIR to check indebtedness and risk based pricing. Despite the odds, I am pleased to inform that NABFINS accorded top priority to continuity of its service to customers.

My sincere thanks to the Board of Directors and Chairman, Shri S V Ranganath for their immense contribution in providing guidance to management regarding the strategic direction of the institution through Board meetings as well as sub committees of Board through active participation.

During the financial year 2022-23, the Company has achieved 108% of the business targets by disbursing loans to the tune of ₹1840.35 Crore. First time ever since its inception, the AUM crossed ₹2000 crore and as on March 31, 2023, the AUM reached ₹2205.03 crore. During the period under review, the Company's balance sheet size stood at all-time high of ₹2243 crore as against ₹1722 crore achieved as on March 31, 2022. NABFINS reported a Profit Before Tax of ₹96.17 crore in FY 2022-23 as compared to ₹42.73 crore in FY 2021-22. With special drive for NPA recovery coupled with the regular follow up and monitoring, gross NPA has reduced to 3.33 % as on March 31, 2023, as compared to 8.44 % as on March 31, 2022. As a part of business expansion strategy, the Company has started the business in 91 new DL branches during 2022-23. With the vision to become a model MFI in the country, we are proud to state that NABFINS lends at lower rate of interest for the borrowers by following the Fair Practice Code.

As a part of our CSR commitment, the Company has sanctioned projects worth ₹98.00 lakh with women centric approach. The focus area includes Health & Sanitation, Skill Development and Safe Drinking Water. I am privileged to inform that the Government of Tamil Nadu has presented NABFINS with an award for our CSR project in the Namakkal district of Tamil Nadu.

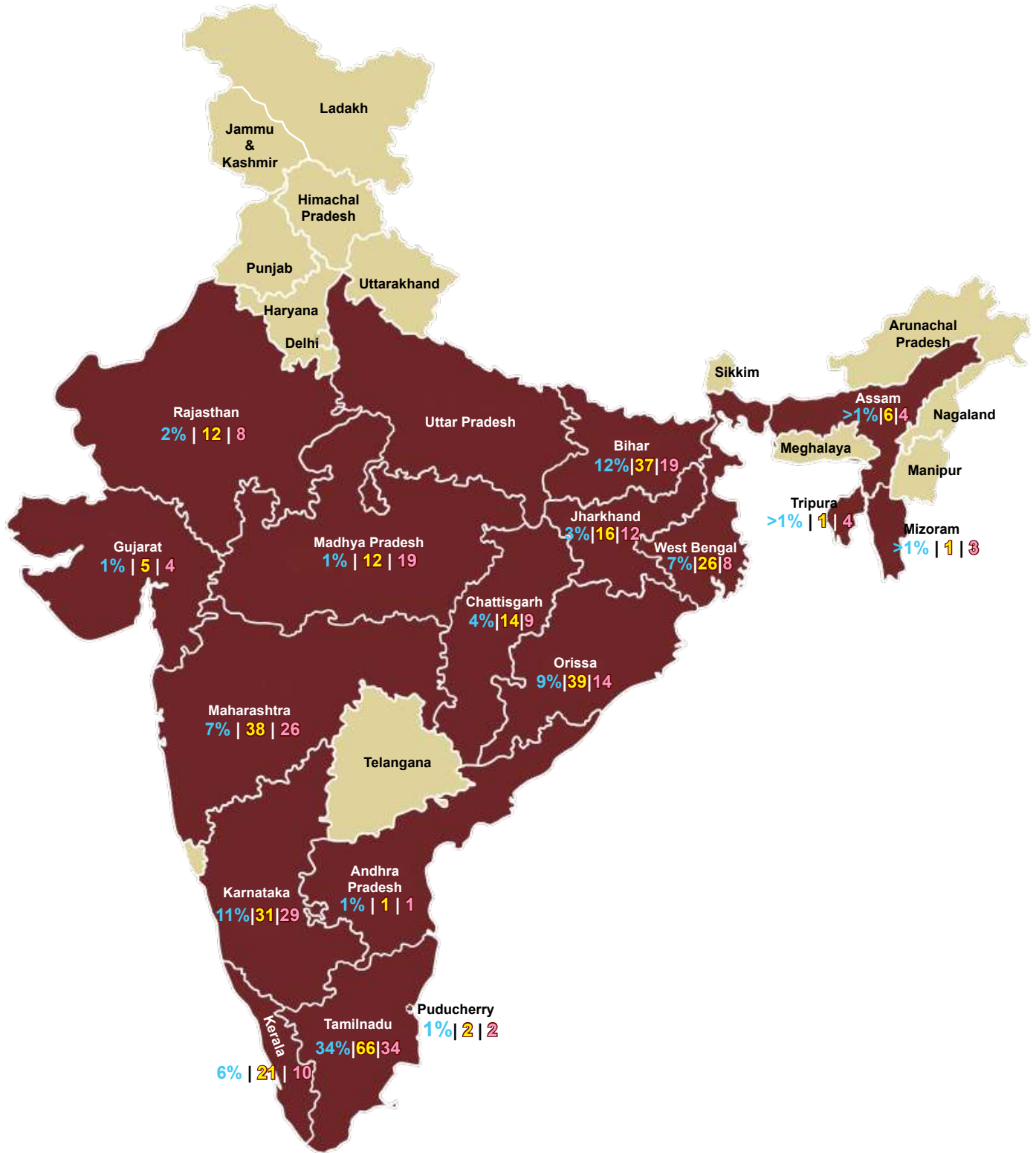
While the future looks bright, the sector also needs to be cognizant of market trends as the sector envisage a blend of technology, innovation and human touch along with risks. As per their board approved guidelines, company is well poised for a stable and steady growth.

My team and I can visualize the greater possibilities in the years to come. We look forward to new growth opportunities and new challenges as we grow. We are continuously investing in innovation, new technologies and capacity building of our staff to work effectively in the fast changing landscape of microfinance. To mention a few innovations, we are planning to establish all women branches, software with plugins, virtual OPD care to the borrowers and expanding the business to the new geographies.

We are thankful to all our esteemed stakeholders, customers, staff and investors once again for reposing their faith with NABFINS and we look forward for the continuous cooperation and support.

Dr. Diwakar Hegde
Managing Director

OUR PRESENCE



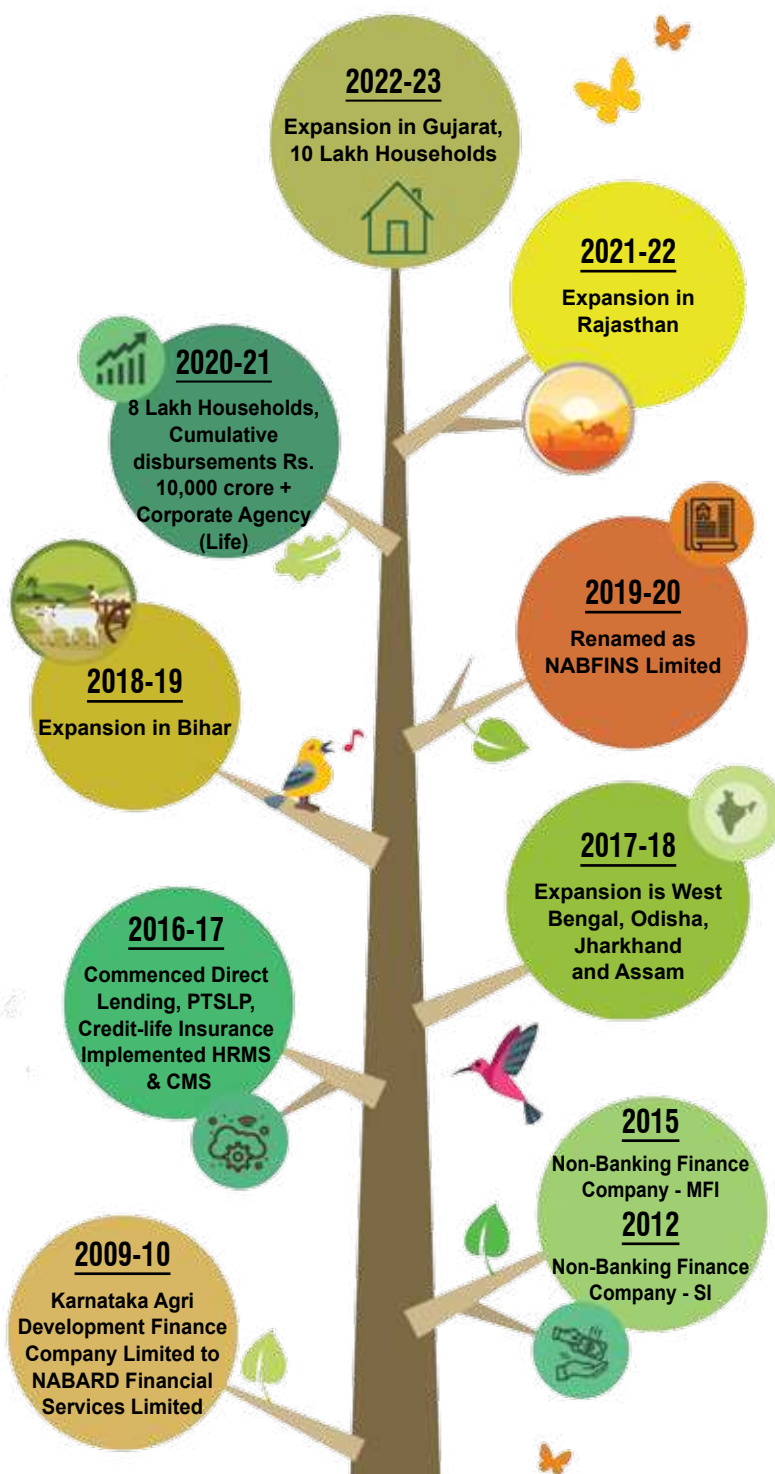
■ Portfolio %
 ■ No. of Branches
 ■ No. of operational Districts

MILESTONES

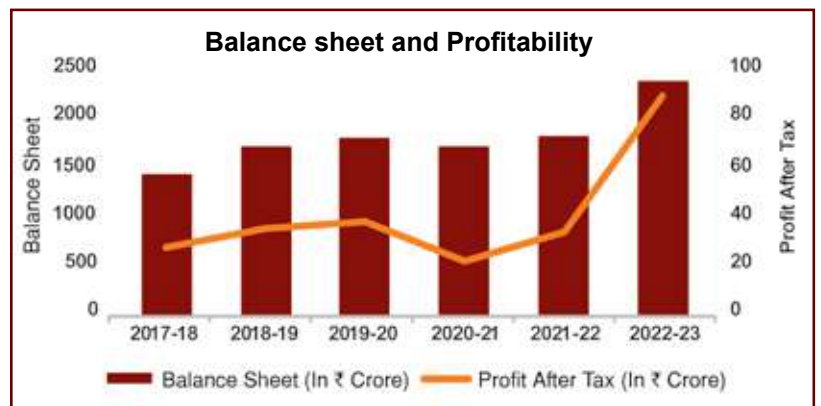
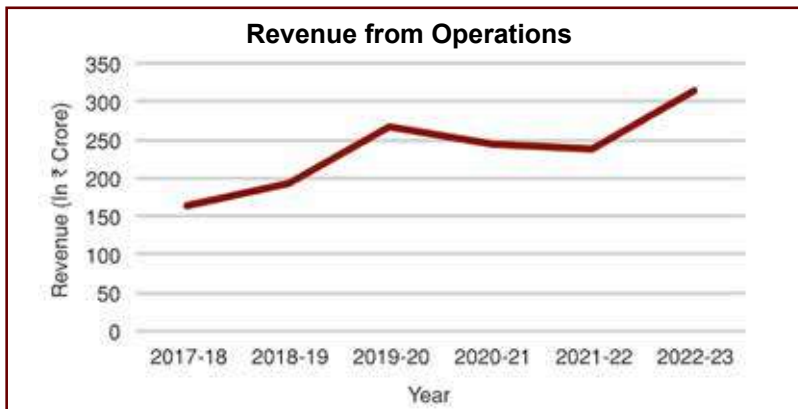
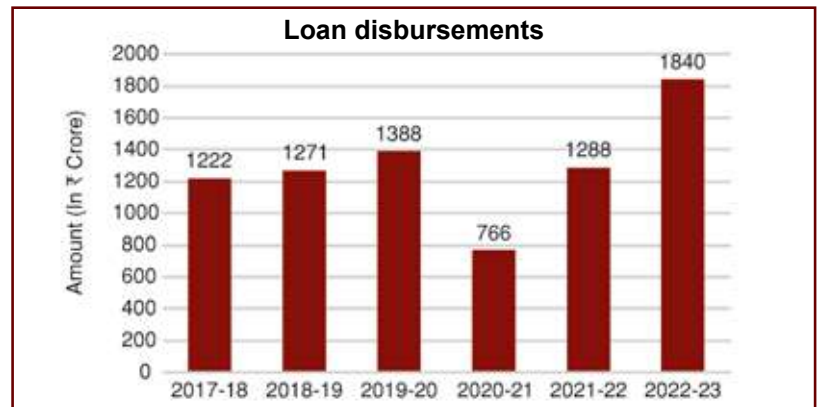
NABFINS is an initiative of NABARD born out of serious concerns about the practices of NBFC MFIs in the mid-2000. Entrusted with the responsibility of promoting the microfinance sector, NABFINS objective is to eliminate the various maladies found in the sector such as lack of transparency in accounting and disclosure, high transaction cost, lack of diversification in products, increased rates of interest, coercive collection practices, etc.

NABFINS shall evolve itself into a model Microfinance Institution to finance unserved and underserved, to set standards of governance among the MFIs, operate with exemplary levels of transparency and extend its outreach to the needy, directly or through Business correspondents and Business Facilitators.

M I L E S T O N E S



BUSINESS TRENDS



DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 26th Annual Report together with the audited financial statements of your Company for the year ended March 31, 2023.

Financial Highlights & Analysis

The total assets of the Company as on March 31, 2023 was ₹2244 crore as compared to ₹1723 crore on March 31, 2022, reporting an increase of ₹521 crore during the year. Growth of assets increased by 30.24% compared to corresponding previous year. The total income of the Company for the year under review is ₹ 325.51 crore which has increased by 31.53% as against the total income of ₹ 247.48 crore for the previous year. The profit before tax is ₹96.16 crore for the year ended March 31, 2023 as against ₹42.73 crore for the corresponding previous year showing an increase of 125.04%.

The summarized financial results for the year ended March 31, 2023 are as under:

(₹In Crore)		
Particulars	FY 2022-23	FY 2021-22
Income from Operations	313.66	237.04
Other Income	11.85	10.44
Total Income	325.51	247.48
Less: Total Expenditure	229.34	204.74
Profit before tax	96.16	42.73
Profit after tax	84.53	31.73

Dividend

On the basis of the financial performance of the Company for the year ended March 31, 2023, the Directors are pleased to recommend for approval of the members, a dividend at 10% i.e. ₹1 per fully paid-up equity share of ₹10/- each for the financial year 2022-23. The dividend on equity shares, if approved by the members would involve a cash outflow of ₹16,16,56,307/-.

Reserves

In accordance with section 45-IC of Reserve Bank of India Act, 1934, the Company has transferred a sum of ₹16.91 crore, being 20% of the profit after tax for the FY2022-23, to statutory reserve.

Operational Highlights

During the year 2022-23, your Company was operating in 196 districts in 16 States and Union Territory of Puducherry, through its 328 branches which include 259 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 Uttar Pradesh appointing the regional manager for Varanasi and initiating the other operational activities in the geography. This makes the presence of NABFINS in 18 States/Union Territories.

Particulars	2022-23	2021-22	% Change
No. of States & Union Territories Covered	18	16	12.50%
No. of Districts Covered	196	182	7.69%
No. of Partners	201	303	-33.66%
No. of Groups Financed - Partnership Model	15,357	17,930	-14.35%
No. of clients - Direct Lending Model	3,25,742	1,76,482	84.58%
Amount Disbursed (₹ crore)			
Partnership Model	491.96	608.24	-19.12%
Direct Lending Model	1305.01	644.75	102.41%
Second Level Institutions (SLIs)	42.00	35.20	19.32%
PTSLP	0.00	0.00	-
New Product	1.38	0.043	-
Total Disbursement	1840.35	1288.24	42.86%
Loan Outstanding	2205.02	1736.48	26.98%

The Company has achieved 108% of its business targets set for the FY 2022-23. Disbursements during the year under reporting increased by 42.86% year-on-year basis under all the business verticals. While under partnership model there was an increase of 19%, under Direct Lending vertical, disbursements increased by 102% supported by good business by new DL branches.

Company's loan portfolio increased from ₹1736.48crore to ₹2205.02 crore registering a YOY increase of 27%.

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 2022-23 and at the financial year ended March 31, 2023, 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, 2023 is appended below:

Sl. No.	Name of the Shareholder	Share Capital (in ₹ Lakh)		% to the total paid up capital (as on 31.03.2023)
		As on 31.03.2023	As on 31.03.2022	
1	NABARD	10,200.63	10,200.63	63.10
2	Govt. 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-ND-SI, 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, 2023, 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 sanitation, promoting education, promoting health care including preventive health care, promoting awareness for special children and women empowerment activities.

In March 2023, an amount of ₹ 51000/- (pertaining to FY 2021-22) was deposited towards Clean Ganga Kosh by the company as per schedule VII of the companies Act, 2013.

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 05, 2022, for the financial year 2021-22 at Head Office of the Company. The inspection report from RBI was received on August 21, 2022 and the Company has submitted the compliance against the same on October 10, 2022.

Inspection by NABARD

During November 2022, NABARD had conducted the inspection of your Company for the Financial Year 2021-22. The Inspection report received from NABARD on May 10, 2022 was duly discussed by the Board of Directors in their 129th meeting held on April 29, 2023 together with compliance thereon.

Vigilance Inspection by NABARD CVC

There were no inspection by NABARD CVC during FY 2022-23.

Audit by C&AG

The C&AG conducted a compliance audit of the Company from February 21, 2023 to March 10, 2023, for the FY 2017-18 to FY 2021-22. The final inspection report and risk assessment report were forwarded vide their letter received on April 17, 2023.

Further, with respect to the supplementary audit, the Comptroller & Auditor General of India vide their report dated May 24, 2023 forwarded 'Non-Review' Certificate under section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended March 31, 2023. 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 2022-23.

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.

Reporting of Fraud

The auditors of the Company have not reported any fraud as specified under the second proviso 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, 'Shivam Baghel & Co, Indore represented by Shri. Shivam Baghel, a practicing Company Secretary (FCS No. 12201), holding Certificate of Practice No. 21362, was appointed as Secretarial Auditor of the Company to conduct the secretarial audit for the financial year 2022-23. The Secretarial Audit Report received for 2022-23 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 the 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 Auditors

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, Dr. Diwakar Hegde was appointed as the Managing Director of the Company with effect from June 01st, 2022 in place of Shri. Jiji Mammen who attained superannuation on May 31, 2022.

Shri Sanjay Kumar, the Chief Operating Officer and Key Managerial Personnel of the Company was nominated as the Director of the Company by NABARD with effect from December 17, 2022. Shri Jayasheelan A was appointed as the Chief Financial Officer & Key Managerial Personnel of the Company with effect from December 17, 2022.

During 25th Annual General Meeting of the Company held on September 23, 2022, Shri. Badatala Sreenivas Rao and Shri. T Ramesh who were eligible to retire by rotation offered themselves for re-appointment as the directors of the Company. Further, Shri. Badatala Sreenivas Rao vacated the office from the close of business on February, 28, 2023 due to his superannuation.

After closure of financial year 2022-23, Shri Sanjay Kumar, the Nominee Director of the Company, vacated the office from the close of business on April 6, 2023 due to his transfer.

Your Directors place on record their sincere appreciation for the valuable guidance provided by Shri. Badatala Sreenivas Rao & Shri Sanjay Kumar, during their tenure as Director(s) of the Company.

Meetings Held

During the financial year 2022-23, the Board met Seven times and particulars of the Board Meeting together with details on Directors' attendance are furnished below:

Name of the Director	Total Attendance (in %)	Board Meeting Attendance Record for FY2022-23						
		April 11, 2022	April 29, 2022	May 31, 2022	August 26, 2022	Sept. 23, 2022	Dec. 17, 2022	March 17, 2023
Shri S V Ranganath	100	√	√	√	√	√	√	√
Shri L K Atheeq, IAS	14	LOA	LOA	LOA	√	LOA	LOA	LOA
Shri Niraj Kumar Verma	86	√	√	√	√	√	LOA	√
Shri T Ramesh	71	√	√	√	LOA	√	√	LOA
Shri B Sreenivasa Rao (c)	71	√	√	√	√	LOA	LOA	NA
Shri Manoj Kumar Sharma	71	√	LOA	√	LOA	√	√	√
Dr. Deepali Pant Joshi	100	√	√	√	√	√	√	√
Shri K UdayaBhaskara Reddy	100	√	√	√	√	√	√	√
Smt. Sindhu K A	29	√	LOA	LOA	LOA	LOA	√	LOA
Shri Ajay Kumar Kapur	100	√	√	√	√	√	√	√
Shri. Sanjay Kumar (d)	100	NA	NA	NA	NA	NA	NA	√
Shri. Jiji Mammen (b)	100	√	√	√	NA	NA	NA	NA
Dr. Diwakar Hegde (a)	100	NA	NA	NA	√	√	√	√

LOA – Leave of absence / Absence

NA – Not Applicable

Note:

- Dr. Diwakar Hegde was appointed as Managing Director on the Board of the Company with effect from June 01, 2022.
- Shri. Jiji Mammen vacated the office as Managing Director on the Board of the Company with effect from May 31, 2023.
- Shri B Sreenivasa Rao, vacated the office as Nominee Director on the Board of the Company, with effect from February 28, 2023.
- Shri Sanjay Kumar, was nominated as the Director of the Company by NABARD with effect from December 12, 2022.

Committees of the Board

Following were the various Committees of the Board and their composition as at the financial year ended March 31, 2023 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 2022-23
Audit Committee	<ol style="list-style-type: none"> 1. T. Ramesh, Chairman & Nominee Director(C) 2. Niraj Kumar Verma, Nominee Director 3. Dr. Deepali Pant Joshi, Independent Director 4. K Udaya Bhaskara Reddy, Independent Director 5. Ajay Kumar Kapur, Independent Director 6. Sindhu K A, Nominee Director 	<p>April 28, 2022 August 25, 2022 September 12, 2022 December 16, 2022 March 16, 2023</p>
Nomination & Remuneration Committee	<ol style="list-style-type: none"> 1. S V Ranganath, Independent Director 2. Dr. Deepali Pant Joshi, Independent Director (C) 3. T Ramesh, Nominee Director 4. Manoj Kumar Sharma, Independent Director 	<p>May 30, 2022 September 05, 2022 December 15, 2022</p>
CSR Committee	<ol style="list-style-type: none"> 1. S V Ranganath, Independent Director (C) 2. Dr. Deepali Pant Joshi, Independent Director 3. Jiji Mammen, Managing Director as on date of meeting 4. Dr. Diwakar Hegde, Managing Director, with effect from June 01, 2022 	<p>May 30, 2022 March 17, 2023</p>
Risk Management Committee	<ol style="list-style-type: none"> 1. Niraj Kumar Verma, Nominee Director (C) 2. T Ramesh, Nominee Director 3. Dr. Deepali Pant Joshi, Independent Director 4. Manoj Kumar Sharma, Independent Director 5. B Sreenivasa Rao, Nominee Director 6. K Udaya Bhaskara Reddy, Independent Director 7. Sanjay Kumar, Nominee Director 8. Jiji Mammen, Managing Director 9. Dr. Diwakar Hegde, Managing Director, with effect from June 01, 2022 	<p>April 28, 2022 September 12, 2022 December 16, 2022 March 16, 2023</p>
Loan Committee	<ol style="list-style-type: none"> 1. T Ramesh, Nominee Director (C) 2. Sindhu K A, Nominee Director 3. Ajay Kumar Kapur, Independent Director 4. Sreenivasa Rao B, Nominee Director 5. Dr. Diwakar Hegde, Managing Director 	<p>August 22, 2022</p>
IT Strategy Committee	<ol style="list-style-type: none"> 1. Ajay Kumar Kapur, Independent Director (C) 2. Manoj Kumar Sharma, Independent Director 3. K Radhakrishnan, Dy. General Manager & CTO 4. Adeeshaya D, Chief Information Officer 5. Dr. Diwakar Hegde, Managing Director 6. IT Domain Experts (Max 2) 	<p>August 25, 2022 December 15, 2022</p>

Particulars of the Board Committees	Composition *	Meeting(s) held during financial year 2022-23
Sub-Committee on HR	<ol style="list-style-type: none"> 1. Dr. Deepali Pant Joshi, Independent Director (C) 2. Niraj Kumar Verma, Nominee Director 3. Manoj Kumar Sharma, Independent Director 4. T Ramesh, Nominee Director 5. Sanjay Kumar , Nominee Director 6. Dr. Diwakar Hegde, Managing Director 	<p>May 26, 2022</p> <p>January 30, 2023</p>

* 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, 2023 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 FY2022-23 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 fulfilment 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.

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

There were no instances during the year attracting the provisions of under the 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 institution along with the reasons thereof.

There were no instances during the year attracting the 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, 2023 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*

Acknowledgments

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 hard work and dedicated efforts of the staff at all levels.

For and on behalf of the Board

SV Ranganath
Chairman

DIN – 00323799
Add. – 25, 8th Cross,
2nd Block Jayanagar,
Bengaluru – 11

Dr. Diwakar Hegde
Managing Director

DIN – 09611961
Add. - 3072, 14th Cross Road,
Banashankari IInd Stage,
Bengaluru - 70

Place : Bengaluru
Date: July 28, 2023

Annexure-I
AOC-2: Details of material contracts or arrangements or transactions at arm's length basis, as at March 31, 2023

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*	1,16,951	NA	NIL
NABARD	Holding Entity	Loan Repaid		73,335.44	NA	NIL
NABARD	Holding Entity	Interest Paid		9,373.44	NA	NIL
NABARD	Holding Entity	Rent Paid	Annually	5.00	NA	NIL
Jiji Mammen ²	Managing Director & KMP	House Rent	Not Applicable	2.25	13.06.2020	NIL
Dr. Diwakar Hegde ³	Managing Director & KMP	House Rent	Not Applicable	6.53	28.04.2016	NIL
S V Ranganath	Non-Executive Chairman & Independent Director	Sitting Fee	Not Applicable	3.95	28.09.2021	NIL
Manoj Kumar Sharma	Independent Director	Sitting Fee	Not Applicable	2.70	29.09.2016	NIL
Dr. Deepali Pant Joshi	Independent Director	Sitting Fee	Not Applicable	4.55	25.02.2019	
K Udaya Bhaskara Reddy	Independent Director	Sitting Fee	Not Applicable	3.60	19.01.2021	
Ajay Kumar Kapur	Independent Director	Sitting Fee	Not Applicable	3.55	19.01.2021	
Jayasheelan A	CFO	Remuneration	Not Applicable	9.07	28.09.2021	
Sumati Sharma		Remuneration	Not Applicable	9.21	16.07.2021	

1. The above stated amounts are exclusive of GST;
 2. Shri Jiji Mammen ceased to be MD on account of his super annuation from close of business hours on May 31, 2022.
 3. Dr. Diwakar Hegde has been appointed as the Managing Director of the Company with effect from June 01, 2022.
- # 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	23.13	13.06.2020	NIL
Dr. Diwakar Hegde	Managing Director & Key Managerial Personnel	Remuneration	85.51	31.05.2022	NIL
Vinod C	Chief Operating Officer	Remuneration	20.96	22.07.2017	NIL
Sanjay Kumar	General Manager & Chief Financial Officer & Key Managerial Personnel, Nominee Director	Remuneration	55.02	29.04.2021	NIL
K Radhakrishnan	Dy. General Manager & Chief Technology Officer	Remuneration	45.36	25.02.2019	NIL
Shantveer Serikar	Ass. General Manager & Chief Information Officer	Reimbursement of salary to	14.43	-	NIL
Sasikumar Chandrababu	Assistant General Manager	Remuneration	33.29	-	NIL
Adeeshaya D	Chief Technology Officer (Manager)	Remuneration	14.80	-	NIL
Other Payments to NABARD Staff	-	Remuneration	4.36	-	NIL

For and on behalf of the Board

**SV Ranganath
Chairman**

DIN – 00323799
Add. – 25, 8th Cross,
2nd Block Jayanagar,
Bengaluru – 11

**Dr. Diwakar Hegde
Managing Director**

DIN – 09611961
Add. - 3072, 14th Cross Road,
Banashankari IInd Stage,
Bengaluru - 70

Place : Bengaluru
Date : July 28, 2023

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[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, 2023):

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	Independent Director & Chairman	2	2
2	Smt. Deepali Pant Joshi	Independent Director	2	2
3	Shri Jiji Mammen	Managing Director (attained superannuation on 31.05.2022)	1	1
4	Dr. Diwakar Hegde	Managing Director (appointed with effect from 01.06.2022)	1	1

3. 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

4. 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.

5. 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, 2023 – ₹ 3.17 lakhs/-.

6. 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 2019-20	5,540.30
Net Profit of the Company during the year 2020-21	4,537.13
Net Profit of the Company during the year 2021-22	4,273.46
<i>Total Profit for past 3 years</i>	14350.89
Average Profit for the purpose of Section 135 of Companies Act 2013	4783.63

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 95.67 Lakh

7. (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: ₹0.44 lakh

7. (c) Amount required to be set off for the financial year, if any: ₹0.44 lakh

7. (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 95.23 Lakh

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

Total Amount spent for FY 2022-23 (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
18.00	80.40	11.04.2023	NA	NA	NA

8. (b) Details of CSR amount spent against ongoing projects for the FY 2022-23:

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 2022-23 (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 - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Sulabh International SSO, Bengaluru	Sanitation	Yes	Karantaka	Raichur	12 months	15.00	15.00	0.00	No	Sulabh International SSO, Bengaluru, KA	CSR0000185
2	Krishi Vichara Vinimaya Kendra Trust (R), Balesar, Siddapur	Education	Yes	Karnataka	Balesar	18months	05.00	3.00	2.00	Yes	NO	NA
3	Indian Rural Integrated Development Society (IRIDS), Karnataka	eradicating hunger, poverty and malnutrition,	Yes	Karnataka	Ramanagara	12 months	05.00	-	5.00	Yes	NA	NA
4	The Academy of Magical Sciences', Trivandrum, Kerala	Education	Yes	Kerala	Trivandrum	1 month	10.00	-	10.00	Yes	NA	NA
5	Govt Schools in Namakkal, Tamil Nadu	Sanitation	Yes	Tamil Nadu	Namakkal	03 months	12.09	-	12.09	Yes	NA	NA
6	Kulumai Federation Trust, Dharmathupatti Dindigul, TN	Women Empowerment	Yes	Tamil Nadu	Dindigul	15 months	4.84	-	4.84	Yes	NA	NA
7	Mini Science Centre	Education	Yes	Karnataka	Chamaraj Nagar & Chitradurga	15 months	11.46	-	11.46	No	Sambhavna NGO	CSR00000687
8	Nirmal Jal - RO-UV water filtration plant	Provide safe Drinking water - Eradication of Poverty & Hunger	Yes	Maharashtra	Wardha	18 months	20.00	-	20.00	Yes	NA	CSR00004589
9	Construction of Ladies Common Room with toilet and other facilities at Bangalore university	Sanitation & Education	Yes	Karnataka	Bangalore	24 months	15.00	-	15.00	No	ULCAA	NA
TOTAL							98.40	18.00	80.40			

(c) Details of CSR amount spent against other than ongoing projects for FY 2022-23 : ₹ 63.32 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 2022-23 – ₹81.33 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; FY2022-23)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (In ₹ Lakh)
				Name of the Fund	Amount (In ₹ Lakh)	Date of transfer	
1	2021-22	81.08	63.32	Clean Ganga Kosh	0.51	01/10/2022	NA
2	2020-21	96.56	83.05	Swachh Bharat Kosh	7.68	09/09/2021	NA
3	2019-20	Nil	Nil	NA	NA	NA	NA

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

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

SV Ranganath
Chairman

DIN – 00323799

Add. – 25, 8th Cross,
2nd Block Jayanagar,
Bengaluru – 11

Dr. Diwakar Hegde
Managing Director

DIN – 09611961

Add. - 3072, 14th Cross Road,
Banashankari IInd Stage,
Bengaluru - 70

Place : Bengaluru

Date : July 28, 2023

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENT

M/s. NABFINS Limited is Micro Finance Institution incorporated in the year 1997 with the objective of developing itself as a model NBFC in the country which will facilitate setting up of benchmarks and standards for the MFI sector. In particular, NABFINS objective was to ensure that the various maladies found in the sector such as lack of transparency in accounting and disclosure, high transaction cost, lack of diversification in products, increased rates of interest, coercive collection practices, etc. are sought to be eliminated by establishing a fair and transparent Micro Finance Institution.” It was registered as an NBFC in the year 2005 and as an MFI later in the year 2008. The services provided by the company include loan to entrepreneurs, lending to institutions, Group Lending and micro insurance services as well.

B. OPPORTUNITIES/SEGMENT WISE OR STATE WISE PERFORMANCE OUTLOOK

State-wise Loan outstanding as on 31 March 2023.

State	Accounts (in nos)	Amount (in ₹)*	Concentration (In %)
ANDHRA PRADESH	5989	170541797.1	0.77%
ASSAM	2184	30949541.59	0.14%
BIHAR	91973	2538047360	11.51%
CHHATTISGARH	28505	763174653.8	3.46%
GUJARAT	4123	156734173.5	0.71%
JHARKHAND	22460	577548748.9	2.62%
KARNATAKA	75280	3195051743	14.49%
KERALA	43351	1174612830	5.33%
MADHYA PRADESH	7838	218371973.9	0.99%
MAHARASHTRA	61176	1585839878	7.19%
MIZORAM	1130	15895768.33	0.07%
ODISHA	75303	1982277845	8.99%
PUDUCHERRY	9591	279329012	1.27%
RAJASTHAN	14614	495838631.8	2.25%
TAMIL NADU	229922	7303781870	33.12%
TELANGANA	3	3242732	0.01%
TRIPURA	575	7948916.604	0.04%
WEST BENGAL	60496	1553286976	7.04%
Grand Total	734513	22052474451	100.00%

*Amounts as per Ind AS accounting standards

The Company has significantly expanded its operations across 16 States and 1 Union Territory and continues its efforts to extend its presence across the length and breadth of India to increase its outreach to service the needy and disadvantaged sections of the society.

OPPORTUNITIES

With the introduction of new regulatory framework which has changed both the approach of the industry as well as market dynamics has broadened the reach of MFI sector. Further, introduction of new technological ecosystem has increased the outreach of the industry thereby providing affordable access of finance to the low income groups. A change in the ecosystem of the community where in connectivity and availability of digital products as wells as platforms has increased the need of consumers thereby creating a need for finance through formal channels rather than age old practice of informal and unamicable practices of lending. With the favourable guidelines from Government and other regulators, there is ample opportunities available for micro finance institutions, there is ample opportunity for the Micro Finance Institutions.

THREATS

The credit is advanced to customer segment which is unsecured in their nature. In the event of default, though legal course available, it is more of a persistent effort to generate recovery. Further, the external factors beyond the control of humans, such as outbreak of the novel coronavirus and regulatory pronouncement of demonetization etc. pose a threat to the industry.

RISK AND CONCERNS

The Company has a Board approved Risk Management Policy put in place which is subject to annual review and approval by the Risk Management Committee and Board of the Company. The Company has also prepared a Risk Assessment Report and submitted to the regulator. The Company has designed well equipped Risk Management framework to the cater to the needs of the Company. A dedicated Risk Officer is also employed to identify and analyze the potential risk to the company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

NABFINS Limited has a separate and dedicated Internal Audit Department which takes care of risk-based internal audits of all the branches and various departments at Head Office on a regular basis using the internal audit tool which is framed keeping in view the risk parameters. The branches are rated based on the tools and the independent assessment reports are provided to the Audit Committee of Board and top management of the company with recommendations and suggestions for continuous improvements based on audit findings. The company also has a Board approved Internal Audit policy duly reviewed by the Board on a yearly basis. Apart from this, thorough periodical inspections by NABARD, C&AG, RBI and statutory audits safeguard the company and protect against losses/misappropriations.

C. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

1. Total income of the Company during the year ended as on March 31, 2023 has gone up and stood at a higher level of ₹32,551.28 lakhs as against ₹24,747.77 lakhs for the year ended as on March 31, 2022 Lakhs with a good growth rate of 31.53%
2. Total expenses of the Company during the year ended as on March 31, 2023 have increased to ₹21,521.86 lakhs as against ₹16,816.19 lakhs of the previous year.

3. During the reporting FY 2022-23, the Profit after Tax (PAT) of the company has also increased to ₹8,452.98 Lakhs as against previous year profit of ₹3,172.53 Lakhs as on 31.03.2022.
4. The Provision Coverage Ratio stood higher at 89.52% during the reporting period.
5. The CRAR of the company stood at a healthy level of 19.56% as on March 31, 2023.

D. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT/INCLUDING NUMBER OF PEOPLE EMPLOYED

- i) During the FY 2022-23, there were 1973 staff which includes 5 deputed staff from NABARD.
- ii) During the year under review, internal promotion process for the employees was done.
- iii) The staff attrition of the company during 2022-23 is 36.00% which is lower than the industry average and the staff attrition is being reviewed by HR Sub Committee of the Board.
- iv) We have organized the workshop on Sexual Harassment of Women at Workplace (PREVENTION, PROHIBITION & REDRESSAL). Further, a training programme organized which was attended by our ICC members.
- v) In addition to the conventional training programs which include Induction, On Job Training & Vintage Training programs, we had deputed our staff to External training programs such as Fraud Risk Management for “Applicable NBFCs” by CAB, RBI, Investment Portfolio, ALM and Risk Management by NBSC, Lucknow, new and emerging technologies in banking and their role in financial inclusion by IDBRT and also organized customised MDP - Residential Training programme for Regional Managers and Senior Managers at BIRD Mangalore for 2 days which covered topics of leadership development, team management and advance excel.

E. COMPLIANCE OF SECRETARIAL STANDARDS AND RBI GUIDELINES

NABFINS Limited is an NBFC MFI registered with RBI in the year 2008. The company is categorized as an NBFC -Middle Layer and Non – Deposit taking Systemically Important Company. Accordingly, we are adhering to the applicable Master guidelines laid down by the regulator RBI vide DNBR.PD.008/03.10.119/2016-17 as may be updated from time to time. Further, the Board confirms that it has complied with the Secretarial Standards issued by Institute of Company Secretaries of India to the extent applicable to the Company.

F. MANAGEMENT PHILOSOPHY ON CORPORATE GOVERNANCE

Essentially Corporate Governance involves balancing the interest of stake holders of the company such as shareholders, customers, management, financiers, and the community as a whole. It is the structure of rules, practices, and processes used to direct and manage a company. Corporate governance covers the areas of environmental awareness, ethical behaviour, corporate strategy, compensation, and risk management. The basic principles of corporate governance are accountability, transparency, fairness, responsibility, and risk management.

G. TECHNOLOGY INTERVENTIONS

The IT Initiative undertaken by the company during the reporting period includes enhancement in the existing Loan Management System and HR Management System with new functions and features introduced to smoothen the flow of credit and HR. Suitable IT Assets were procured and supplied to the new and existing branches.

H. DETAILS OF ANY NON COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013 AND ANY PENALTIES OR STRICTURES IMPOSED.

NIL

I. OTHER DETAILS

There has been no change in the business of the Company and accounting policies. The financial summary of the performance is given under Financial Results of the Company. The Company has adequate internal financial controls in safeguarding and ensuring proper preparation and presentation of the Annual statements. There were no other major events during the year under review.

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
NABFINS LIMITED
CIN: U85110KA1997PLC021862
Registered Address:- # 3072, 14th Cross Road,
Banashankari II Stage Bengaluru Bangalore KA 560070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by “NABFINS Limited” (here in after 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 (NABFINS Limited) books, papers, minute books, Statutory Registers, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st, March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, statutory registers, forms and returns filed and other records maintained by the Company for the financial year ended on 31st, March 2023, according to the provisions of:

- (I) The Companies Act, 2013 (the Act) and the Rules made there under;
- (II) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under; (Not applicable to the company during the period under reviewed);
- (III) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the period under reviewed);
- (V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;(Not applicable to the company during the period under reviewed);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;(Not applicable to the company during the period under reviewed);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the period under reviewed);

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and employee stock purchase Guidelines, 1999; (Not applicable to the company during the period under reviewed);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2009; (Not applicable to the company during the period under reviewed);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulation 1993 regarding the companies Act dealing with client;(Not applicable to the company during the period under reviewed);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and (Not applicable to the company during the period under reviewed);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the company during the period under reviewed);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Not applicable to the company during the period under reviewed)

I have also examined compliance with the revised applicable clauses of the Secretarial Standards issued by “The Institute of Company Secretaries of India” during the period under reviewed;

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on the basis of the management representation that the Company has complied with all the industrial specific applicable laws. The compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

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 at least seven days in advance, or whether the notice is not given at least 7 days in advance in such meeting company has complied section 173(3) of the Companies Act, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Meetings of the Board, the minutes are duly signed by the Chairman. All the matters on which unanimous approval were required 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.

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.

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

- (i) Public/Right/Preferential issue of shares / debentures/sweat Equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

Place: Indore

Date: 10/06/2023

For, SHIVAM BAGHEL & CO.

Shivam Baghel

Certificate of Practice No.:- 21362

Membership No.:-12201

UDIN:- F012201E000476676

Peer Review Certificate No.:- 3316/2023

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
Members

NABFINS LIMITED

CIN: U85110KA1997PLC021862

**Registered Address:- # 3072, 14th Cross Road,
Banashankari II Stage Bengaluru Bangalore KA 560070 IN**

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

1. Maintenance of secretarial records 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. I believe that the process 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 account of the Company.
4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Indore

Date: 10/06/2023

For, SHIVAM BAGHEL & CO.

Shivam Baghel

Certificate of Practice No.:- 21362

Membership No.:-12201

UDIN:- F012201E000476676

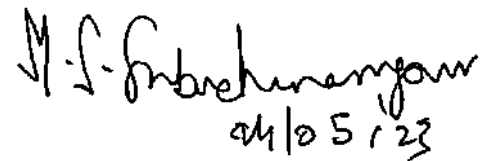
Peer Review Certificate No. 3316/2023

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 2023

The preparation of financial statements of NABFINS Limited, Bengaluru for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act 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 29 April 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of NABFINS Limited, Bengaluru for the year ended 31 March 2023 under Section 143(6)(a) of the Act.

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



M.S. Subramanyam
24/05/23

**(M.S. Subramanyam)
Director General of Commercial Audit
Hyderabad**

**Place: Hyderabad
Date: 24 May 2023**

INDEPENDENT AUDITORS' REPORT

To the Members of NABFINS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of NABFINS Limited, which comprise the Balance Sheet as at March 31, 2023, 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, 2023, 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 28 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 macro economic 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 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. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • 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> <p>This being technical matter reliance has been placed on the management's assumptions for recovery etc. in future.</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, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023, 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, 2023;
 - 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, 2023;
 - 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, 2023; 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 Board of Directors of the Company have proposed a dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
 - g. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For M/s P. CHANDRASEKAR LLP

Chartered Accountants
FRN No. 000580S/S200066

S. RAJAGOPALAN

Partner
Membership No.025349
UDIN: 23025349BGRWLQ4474

Place: Bengaluru

Date: April 29, 2023

'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, 2023)

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.
- (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, according to the information and explanations given to us and based on verification carried out by us on test basis, there are arrears of statutory dues outstanding as on the last day of the financial year concerned for a period of more than six months from the date, they became payable.

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Due Date	Remarks
Employees provident Fund Act, 1952	Provident Fund	₹ 82424/-	FY 2022-2023	Various due dates	Not paid on account of Aadhar link validation

- (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 has filed an appeal with the Commissioner of Income Tax, Appeal and hearing is awaited)	₹ 58.77 lakhs	Nil	Asst Year 2018-2019	Commission of Income Tax (Appeals)	Nil
GST Act	GST Audit - Irregular input credit tax credit claimed	₹ 15.27 lakhs	Nil	2017-18 To 2019-20	Range – CWD5, west division, Bengaluru	The case is pending for adjudication

(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) In Accordance with the auditing standards generally accepted in India, the Company has not noticed or reported any year fraud during the year except misappropriation of cash through embezzlement by employees / B&DC aggregating to ₹44.67 lakh, of which ₹24.37 lakh has been recovered. Further, during the year the Company has classified a borrower as fraud based on the forensic audit whose outstanding as March 31, 2023 is ₹344.77 lakhs. Please refer note number 65 of financial statement.
- (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. Vide Certificate No.CoR No. 02-00001 dt. 18.11.2008.
- (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 :
- There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
 - The Company has transferred the unspent amount, in respect of "Ongoing projects" to a special account within 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: 23025349BGRWLQ4474

Place: Bengaluru

Date: April 29, 2023

'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, 2023)

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, 2023 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.

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, 2023, 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 : 23025349BGRWLQ4474

Place: Bengaluru

Date: April 29, 2023

'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, 2023)

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, 2023. 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 : 23025349BGRWLQ4474

Place: Bengaluru

Date: April 29, 2023.



NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')
3072, 14th Cross, K R Road, Banashankari 2nd Stage, Bengaluru - 560070

STANDALONE BALANCE SHEET AS AT MAR 31, 2023

(₹ Lakh)

Particulars		Note No.	As at MAR 31, 2023	As at MAR 31, 2022
ASSETS				
1	FINANCIAL ASSETS			
(a)	Cash and Cash Equivalents	1	838.40	3,632.28
(b)	Bank Balances other than (a) above	2	6,028.70	4,161.45
(c)	Loans	3	2,13,375.65	1,61,394.47
(e)	Other Financial Assets	4	827.19	569.40
2	NON FINANCIAL ASSETS			
(a)	Current Tax Assets (Net)	5	110.26	-
(b)	Deferred Tax Assets (Net)	6	582.02	441.31
(c)	Property, Plant And Equipment	7	1,400.20	1,277.48
(d)	Intangible Assets	8	1.03	-
(e)	Right of Use Assets	9	857.49	508.64
(f)	Other Non - Financial Assets	10	374.92	306.27
TOTAL - ASSETS			2,24,395.86	1,72,291.30
LIABILITIES AND EQUITY				
1	FINANCIAL LIABILITIES			
(a)	Payables			
	(I) Trade Payables	11		
	(i) Total outstanding dues of micro enterprises and small enterprises		79.10	58.30
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		260.54	264.32
	(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		123.90	102.92
(b)	Borrowings (Other Than Debt Securities)	12	1,76,700.59	1,33,436.76
(c)	Other Financial Liabilities	13	1,544.65	1,559.36
(d)	Lease Obligation	14	943.51	561.35
2	NON - FINANCIAL LIABILITIES			
(a)	Current Tax Liability (Net)	15	-	158.90
(b)	Provisions	16	371.25	291.57
(c)	Other Non-Financial Liabilities	17	330.25	736.39
3	EQUITY			
(a)	Equity Share Capital	18	16,165.63	16,165.63
(b)	Other Equity	19	27,876.43	18,955.81
TOTAL - LIABILITIES AND EQUITY			2,24,395.86	1,72,291.30

The accompanying notes form an integral part of the financial statements

For NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

S. RAJAGOPALAN
PARTNER
M.No. :025349

Place : Bengaluru
Date : April 29, 2023

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

3072, 14th Cross, K R Road, Banashankari 2nd Stage, Bengaluru - 560070

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Particulars	Note No.	Figures for the Year Ended	
		MAR 31, 2023	MAR 31, 2022
I INCOME			
Revenue From Operations	20		
Interest Income		31,365.87	23,704.19
Total Revenue From Operations		31,365.87	23,704.19
II Other Income	21	1,185.41	1,043.58
III Total Income (I + II)		32,551.28	24,747.77
IV EXPENSES			
Finance Costs	22	9,435.19	8,091.76
Fees And Commission Expenses	23	1,608.54	1,429.18
Impairment On Financial Instruments	24	1,412.60	3,658.11
Employee Benefit Expenses	25	7,483.51	5,189.55
Depreciation, Amortization and Impairment	7,8 & 9	700.05	535.26
Other Expenses	26	2,294.57	1,570.44
Total Expenses (IV)		22,934.46	20,474.31
V Profit / (Loss) Before Exceptional Items And Tax (III - IV)		9,616.82	4,273.46
VI Exceptional Items		-	-
VII Profit / (Loss) Before Tax (V - VI)		9,616.82	4,273.46
VIII Tax Expense			
- Current Tax		1,298.35	1,296.01
- Previous Year Tax		6.20	82.93
- Deferred Tax Liability / (Asset)		(140.71)	(278.01)
IX Profit / (Loss) For The Period (VII - VIII)		8,452.98	3,172.53
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			
Sub Total (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)		8,452.98	3,172.53
XII Earnings per Equity Share:	27		
(1) Basic		5.23	1.96
(2) Diluted		5.23	1.96

The accompanying notes form an integral part of the financial statements

For NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place : Bengaluru
Date : April 29, 2023



NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')

3072, 14th Cross, K R Road, Banashankari 2nd Stage, Bengaluru - 560070

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31, 2023

(₹ lakh)

Particulars		As at MAR 31, 2023	As at MAR 31, 2022
I.	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit before exceptional items and taxes	9,616.82	4,273.46
	Add: Non-Cash Expenses		
	Depreciation, amortization and Impairment on Property, Plant & Equipment	318.19	307.01
	Amortization of Right of use asset	381.86	228.25
	Impairment on Financial Instruments	1,412.60	3,658.11
	Interest expense on lease liability	61.75	38.42
	Provision Towards Misappropriation	-	49.17
	Advances written off	9.26	16.03
	(Profit) / Loss on sale of Plant, Property & Equipment, Intangibles	(0.15)	6.27
	Less: Income considered separately		
	Income from Investment activities	(767.83)	(860.59)
	Operating profit before working capital changes	11,032.50	7,716.14
	Changes in -		
	Loans and Advances	(53,393.78)	(21,682.42)
	Other financial assets	(267.05)	142.91
	Other non-financial assets	(178.90)	(99.76)
	Other financial liabilities	(14.71)	(721.78)
	Payables	38.01	48.19
	Lease Obligation	320.41	80.95
	Other non-financial liabilities	61.51	(112.92)
	Provisions	(79.22)	71.41
	Cash generated from operations	(42,481.23)	(14,557.28)
	Income taxes paid (net of refunds)	(1,304.56)	(1,220.05)
	Net Cash Inflow / (outflow) from operating Activities	(43,785.78)	(15,777.33)
II.	CASH FLOWS FROM INVESTING ACTIVITIES		
	Additions to Property, Plant & Equipment including ROU	(1,174.62)	(653.25)
	Proceeds from sale of Property, plant and equipment	2.12	0.08
	Income from Investments	767.83	860.59
	Increase in Earmarked balances with banks	(1,867.25)	8,461.63
	Net Cash Inflow / (outflow) from Investment Activities	(2,271.92)	8,669.05
III.	CASH FLOWS FROM FINANCING ACTIVITIES		
	Net Proceeds from Borrowings (Other than Debt Securities)	43,263.83	7,642.13
	Net Cash Inflow / (outflow) from Financing Activities	43,263.83	7,642.13
	NET Increase / (Decrease) in Cash and Cash Equivalents	(2,793.87)	533.85
	Cash and Cash Equivalents at the beginning of the year	3,632.28	3,098.43
	Cash and Cash Equivalents at the end of the year	838.40	3,632.28

The accompanying notes form an integral part of the financial statements

For NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F
Place : Bengaluru
Date : April 29, 2023

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

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
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

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 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.

(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.

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

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 de-recognition 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.

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 de-recognition 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 amortized 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 de-recognition 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 debt or 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:

- 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) De-recognition

Financial Assets – The Company de-recognizes 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 where by 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 de-recognized.

Financial Liabilities – A financial liability is de-recognized 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;
- 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 unlikeliness 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 life time 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.

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 favourable 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 life time 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 over due status and non-payment on another obligation of the same counter party 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 Stage1); 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 Stage2 and Stage 3).

A loss allowance for full life time 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.

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.

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.

- 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.

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 valueless 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 pre tax 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.

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.

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 –

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 behaviour 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 formula 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.

- **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.

For and on behalf of The Board of Directors of NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place : Bengaluru
Date : April 29, 2023

NABFINS LIMITED

(Formerly known as 'NABARD FINANCIAL SERVICES LIMITED')
3072, 14th Cross, K R Road, Banashankari 2nd Stage, Bengaluru - 560070

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2023	As at MAR 31, 2022
1	Cash and Cash Equivalents		
	(a) Cash on Hand	0.08	0.05
	(b) Balance with Banks		
	- in current accounts	838.32	2,632.75
	- deposits with original maturity of less than 3 months	-	999.47
	TOTAL	838.40	3,632.28
2	Bank Balance other than Cash and Cash Equivalents		
	Bank Balance		
	- CSR unspent account	17.88	13.49
	Bank Deposits		
	- Bank deposits with maturity of more than 3 months	1,010.00	-
	- Earmarked balances with banks	5,000.00	4,146.88
	- Balances with banks-held as margin money or security	0.82	1.08
	TOTAL	6,028.70	4,161.45
3	Loans		
	Unsecured		
	Loans and Advances	Note No.28	
	- Due within 12 months	1,46,306.88	1,07,253.56
	- Due beyond 12 months	74,196.08	66,394.40
	Sub-total	2,20,502.96	1,73,647.96
	Less: Impairment Allowance	(7,127.31)	(12,253.49)
	TOTAL	2,13,375.65	1,61,394.47
4	Other Financial Assets		
	Due beyond 12 months		
	(a) Deposit		
	Rental Deposit	126.67	88.43
	NSDL Deposit	1.50	1.50
	Telephone Deposit	0.12	0.12
	Sub-total (A)	128.29	90.04
	Due within 12 months		
	Loan Recovery Pending For Remittance	Note No.30	147.75
	Interest Receivable On Bank Deposits	350.87	280.90
	Loans to Staff	0.03	0.82
	Insurance Claim Receivable	200.24	42.56
	Sub-total (B)	698.90	479.36
	TOTAL	827.19	569.40
5	Current Tax Assets		
	Advance Tax	1,251.56	-
	With holding taxes receivable (TDS)	157.05	-
	Less: Income Tax Provision	(1,298.35)	-
	TOTAL	110.26	-
6	Deferred Tax Assets (net)		
	Deferred Tax Asset	441.31	163.29
	DT Addition/(Deletion)	140.71	278.01
	TOTAL	582.02	441.31

NABFINS LIMITED

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Note : 7 & PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AS ON MAR 31, 2023

(₹ Lakh)

Note No.7 Property, Plant and Equipment	Gross Block							Depreciation Block							Net Carrying Value	
	As at APR 01, 2022	Additions	Disposal/ Written off	Acquisitions through business combination	Amount of change due to Revaluation	Other adjust- ments	As at MAR 31, 2023	As at APR 01, 2022	Addi- tions	With drawn	Acquisitions through business combinations	Amount of change due to Revaluation	Other adjust- ments	As at MAR 31, 2023	As at MAR 31, 2022	
Land	581.27	-	-36.97				544.30	-					-	544.30	581.27	
Building	349.74	36.97	-				386.70	28.98					-	291.02	283.04	
Furniture & Fixtures	328.03	127.10	-				455.13	67.51	-				-	207.22	147.63	
Office Equipments	326.41	79.04	15.93				389.52	45.98	15.53				-	86.31	53.66	
Servers & Networks	38.40	4.47	1.84				41.03	1.58	1.84				-	5.22	2.33	
Laptop & Desktops	674.10	232.15	89.55				816.70	173.99	87.98				-	266.11	209.51	
Vehicle	0.59	-	-				0.59	0.03	-				-	0.02	0.04	
Sub Total	2,298.54	479.73	70.35				2,633.99	1,021.06	105.35	318.07			-	1,400.20	1,277.48	
Note No.8 Intangible Assets																
Software	237.16	1.15					238.31	0.11	-				-	1.03	-	
GRAND TOTAL	2,535.70	480.88	70.35				2,872.30	1,258.22	105.35	318.19			-	1,401.24	1,277.48	
PREVIOUS YEAR	2,406.69	290.16	161.15				2,535.70	1,106.01	154.80	307.01			-	1,258.22	1,277.48	

(Refer Note No. 32)

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

**NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023**

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2023	As at MAR 31, 2022			
9	Right of Use Assets					
	Opening Balance Note No.33	508.64	373.81			
	Addition during the Year	793.98	385.89			
	Deletion during the Year	(63.27)	(22.80)			
	Amortisation for the Year	(381.86)	(228.25)			
	Closing Balance	857.49	508.64			
	TOTAL	857.49	508.64			
10	Other Non-Financial Assets					
	Goods and Services Tax (GST) Receivable	84.37	75.66			
	Income Tax Refund	57.68	57.68			
	Prepaid Expenses	113.81	90.52			
	Advance to Vendors	2.61	1.22			
	Advance to Employees	103.44	69.82			
	Prepaid Lease Rentals	13.01	11.37			
	TOTAL	374.92	306.27			
11	Trade Payable Ageing					
	Ageing as on 31-03-2023					
	Trade Payable	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	(i) MSME	79.10	-	-	-	79.10
	(ii) Others	181.23	3.22	1.21	74.89	260.54
	(iii) Disputed dues - MSME	-	-	-	-	-
	(iv) Disputed dues - Others	-	-	-	-	-
	TOTAL	260.33	3.22	1.21	74.89	339.64
	Ageing as on 31-03-2022					
	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	4.13	53.52	18.25	264.32
	(iii) Disputed dues - MSME	-	-	-	-	-
	(iv) Disputed dues - Others	-	-	-	-	-
	TOTAL	246.71	4.13	53.52	18.25	322.62

**NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023**

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2023	As at MAR 31, 2022
12	Borrowings (Other than Debt Securities)		
	Unsecured :		
	Refinance from NABARD	Note No. 34	
	- Payable within 12 months	95,308.33	64,275.24
	- Payable beyond 12 months	80,957.84	68,375.37
	Sub-total (A)	1,76,266.17	1,32,650.62
	Interest accrued on Refinance from NABARD	434.41	786.14
	TOTAL	1,76,700.59	1,33,436.76
13	Other Financial Liabilities		
	Payable beyond 12 months		
	Security Deposit - B&DC	Note No. 35	281.09
	Security Deposit - Others	49.50	1.05
	Interest payable on Security Deposit	19.36	19.84
	Patient Capital from IFAD Govt of Tamilnadu	Note No. 36	-
	Financial Education Welfare Fund	Note No. 37	483.92
	Revolving Fund Assistance LWE	Note No. 29	246.36
	Sub-total (A)	1,080.23	1,222.59
	Payable within 12 months		
	Accrued Salaries and Incentives to Staff	350.49	143.93
	Loan Linked Group Term Life Insurance Payable	108.79	192.84
	Sub-total (B)	464.43	336.78
	TOTAL	1,544.65	1,559.36
14	Lease Obligation	Note No.33	
	Opening Balance	561.35	441.98
	Add : Additions	793.98	385.89
	Add : Interest Cost	61.75	38.42
	Less : Deletion	(78.72)	(26.90)
	Less : Lease Payments	(394.85)	(278.03)
	Closing Balance	943.51	561.35
	TOTAL	943.51	561.35

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Note No.	Particulars	As at MAR 31, 2023	As at MAR 31, 2022
15	Current Tax Liability (Net) :		
	Provision for current year tax	-	1,296.01
	Less:		
	a) Advance Tax	-	(935.35)
	b) Tax deducted at Source	-	(201.76)
	TOTAL	-	158.90
16	Provisions for		
	Insurance Claim Receivable	30.99	-
	Towards Misappropriation Note No. 63	140.61	154.94
	Leave Encashment Note No. 37 Note No. 38		
	- Payable within 12 months	12.76	8.70
	- Payable beyond 12 months	186.89	127.93
	TOTAL	371.25	291.57
17	Other Non-Financial Liabilities		
	Deduction of Tax at Source - Payable	140.88	125.68
	ESIC, PF & Professional Taxes - Payable	91.08	48.48
	Provision towards CSR	98.29	94.58
	Impairment Allowance	-	467.65
	TOTAL	330.25	736.39

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Note No.	Particulars	Balance As at APR 01, 2022	Changes in Equity Share Capital due to prior Year errors	Restated balance at the beginning of the current reporting Year	Changes in equity share capital during the current year	Balance As at MAR 31, 2023
18	Statement of Changes in Equity					
A.	Current Reporting Year FY 2022-23					
	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
B.	Previous Reporting Year FY 2021-22					
	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 Year

	Number of Shares	
	MAR 31, 2023	MAR 31, 2022
Number of Shares outstanding at the beginning of the Year	16,16,56,307	16,16,56,307
Add : Shares Issued during the Year	-	-
Number of Shares outstanding at the end of the Year	16,16,56,307	16,16,56,307

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, 2023	%	MAR 31, 2022
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 Year of years, immediately preceding 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	-

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

Note No. 19 : Other Equity - As at MAR 31, 2023

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	Impairment Reserve	Statutory Reserves	Risk Fund	Reserve Fund								
Balance as at APR 01, 2022	-	-	-	947.60	-	200.00	4,454.90	13,353.31	-	-	-	-	-	-	-	18,955.81
Changes for changes in accounting policies & Prior period items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance APR 01, 2022	-	-	-	947.60	-	200.00	4,454.90	13,353.31	-	-	-	-	-	-	-	18,955.81
Total Comprehensive Income for the current period (Note No. 27)	-	-	-	-	-	-	-	8,452.98	-	-	-	-	-	-	-	8,452.98
Less: Dividend Distributed During The Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividend Distribution Tax (ddt)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation To Statutory Reserve (Note no 66)	-	-	-	-	-	-	1,690.60	(1,690.60)	-	-	-	-	-	-	-	-
Impairment Allowance (Note No. 69)	-	-	-	-	-	-	-	467.65	-	-	-	-	-	-	-	467.65
Add: Other Comprehensive Income For The Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance As at MAR 31, 2023	-	-	-	947.60	-	200.00	6,145.50	20,583.33	-	-	-	-	-	-	-	27,876.43

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

Note No.19 : 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	Impairment Allowance	Statutory Reserves	Risk Fund	Reserve Fund	Retained Earnings								
Balance as at APR 30, 2021	-	-	-	-	200.00	3,820.39	12,230.54	-	-	-	-	-	-	-	-	-	16,250.94
Changes for changes in accounting policies & Prior period items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance APR 01, 2022	-	-	-	-	200.00	3,820.39	12,230.54	-	-	-	-	-	-	-	-	-	16,250.94
Total Comprehensive Income for the current period (Note No. 27)	-	-	-	-	-	-	3,172.53	-	-	-	-	-	-	-	-	-	3,172.53
Less: Dividend Distributed During The Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividend Distribution Tax (dtdt)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation To Statutory Reserve (Note no 66)	-	-	-	-	-	634.51	(634.51)	-	-	-	-	-	-	-	-	-	-
Impairment Allowance (Note No. 69)	-	-	-	-	947.60	-	(1,415.25)	-	-	-	-	-	-	-	-	-	(467.65)
Add: Other Comprehensive Income For The Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at MAR 31, 2022	-	-	-	-	200.00	4,454.90	13,353.31	-	947.60	-	-	-	-	-	-	-	18,955.82

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2023			Total	FOR THE YEAR ENDED MAR 31, 2022			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		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	
20	Revenue from Operations								
	Interest On Loans	-	31,182.35	-	31,182.35	-	23,678.16	-	23,678.16
	Recovery from Bad Debts		183.53		183.53		26.03		26.03
	TOTAL	-	31,365.87	-	31,365.87	-	23,704.19	-	23,704.19

Note No.	Particulars	For the year ended Mar 31, 2023	For the year ended Mar 31, 2022
21	Other Income		
	Insurance Commission Income	191.36	24.26
	Interest on Income Tax Refund	-	25.40
	Interest on Staff Loans	0.03	0.24
	Profit on Sale of PPE	0.15	-
	Miscellaneous Income	39.73	9.03
	NBARAD Grant	186.31	124.05
	Mutual Fund Redemption Income	258.71	29.34
	Interest On Deposits With Banks	509.12	831.26
	TOTAL	1,185.41	1,043.58

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2023		FOR THE YEAR ENDED MAR 31, 2022	
		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
22	Finance Cost				
	Interest on NABARD Refinance	-	9,373.44	-	8,045.32
	Other Interest Expense				
	Bank Over draft interest	-	-	-	8.02
	Interest on lease liability		61.75	-	38.42
	TOTAL	-	9,435.19	-	8,091.76

Note No.	Particulars	FOR THE YEAR ENDED MAR 31, 2023	FOR THE YEAR ENDED MAR 31, 2022
23	Fees & Commission Expenses		
	Commission for B&C/B&F	1,608.54	1,429.18
	TOTAL	1,608.54	1,429.18

24	Impairment Allowance		
	Impairment Allowance	1,412.60	3,658.11
	TOTAL	1,412.60	3,658.11

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

(₹ Lakh)

Note No.	Particulars	FOR THE YEAR ENDED	
		MAR 31, 2023	MAR 31, 2022
25	Employee Benefit Expenses Note No.38		
	Salaries And Wages	5,504.61	3,810.77
	Contribution To Provident And Other Funds	484.37	289.53
	Incentive For Staff	724.37	510.69
	Leave Encashment	225.34	141.82
	Gratuity	74.59	98.08
	Leave Travel Allowance	201.22	137.54
	Staff Insurance	144.16	110.34
	Staff Welfare	124.85	90.78
	TOTAL	7,483.51	5,189.55
26	Other Expenses		
	Advertisement Expenses	2.58	3.14
	Advance Written Off	9.26	16.03
	Auditors Remuneration		
	- Statutory Audit Fee	6.00	5.45
	- Tax Audit Fee	0.48	0.55
	Bad Debts Written Off	124.00	43.98
	Bank Charges	69.35	68.92
	Books and Periodicals	0.22	0.29
	Broker Commission	0.60	-
	Business Promotion	10.86	10.30
	Charges for Cash Management Services	158.74	32.60
	Credit Bureau Check Expenses	104.03	49.38
	CSR Expenses Note No. 39	98.40	101.05
	Directors Sitting Fee	20.00	12.97
	Electricity & Water charges	40.43	34.60
	Insurance	13.06	21.69
	Internet Expenses & Website Charges	54.38	46.13
	Legal & Professional Charges	25.01	19.90
	Loss on Sale of PPE	-	6.27
	Meeting Expenses	7.14	2.77
	Membership & Subscription	11.42	12.62
	Miscellaneous Expenses	0.27	1.06
	Postage, Telephone & Courier Charges	89.20	58.72
	Printing & Stationery	96.82	115.28
	Provision Towards Insurance Claim Receivable	30.99	-
	Provision Towards Frauds	-	49.17
	Rates & Taxes	22.17	5.03
	Recruitment Expenses	5.26	1.90
	Rent	43.09	10.92
	Repairs & Maintenance	180.09	86.42
	Review & Retreat Expenses	9.94	-
	Secretarial Audit Fees	0.48	0.43
	Security Guard Expenses	10.76	9.12
	Technology Maintenance	522.29	488.82
	Training Expenses	7.07	4.92
	Traveling & Conveyance	520.15	250.01
	TOTAL	2,294.57	1,570.44

NABFINS LIMITED
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAR 31, 2023

NOTE NO. 27
EARNINGS PER SHARE (EPS)

(₹ Lakh)

Particulars	As at MAR 31, 2023	As at MAR 31, 2022
Net Profit after tax as per statement of Profit & Loss	8,452.98	3,172.53
Profit available to Equity Shareholders	8,452.98	3,172.53
Weighted average No. of Equity shares (no.'s)	16,16,56,307	16,16,56,307
Basic Earnings per share	5.23	1.96
Diluted Earnings per share	5.23	1.96

NOTE NO. 28

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, 2023	As at MAR 31, 2022
Gross carrying value of Loans and Advances		
Neither Past due nor impaired	2,11,822.74	1,52,249.00
Past due but not impaired		
0 - 30 days past due	917.53	4,356.28
31 – 60 days past due	244.36	1,510.11
61 – 89 days past due	175.41	893.17
Impaired (more than 90 days)	7,342.93	14,639.41
Gross Carrying value as at reporting date	2,20,502.96	1,73,647.96

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.

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 generalized 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**

“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 48months loan default movement rates in respective geographic areas (wherever available).

“Loss given default” (LGD) is common for all three Stages except where DPD is 365 and above. In respect of all the loan assets where the DPD is 365 and above 100 % LGD has been considered to arrive at the expected credit loss. For the year under review, the Loss Given Default works out to be 26.39% which has been arrived considering the company’s past recovery rate for 5 years. However, the considering the past recovery trend and future forecast, the company has adopted the Loss Given Default rate of 27.50% for the purpose of computation of expected credit loss.

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.

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, 2023					Sub total	Total
		Amortised Cost	At Fair Value					
			Through OCI	Through PL	Designated at FVTPL			
A.	Loans							
(i)	Loans repayable on Demand	-	-	-	-	-	-	
(ii)	Term Loans	2,20,502.96	-	-	-	-	2,20,502.96	
(iii)	Others	-	-	-	-	-	-	
	Total	2,20,502.96	-	-	-	-	2,20,502.96	
	Less: Impairment Loss Allowance	(7,127.31)	-	-	-	-	(7,127.31)	
	Total	2,13,375.65	-	-	-	-	2,13,375.65	
B.								
(i)	Secured by tangible assets	-	-	-	-	-	-	
(ii)	Secured by intangible assets	-	-	-	-	-	-	
(iii)	Covered by Bank/Government Guarantees	-	-	-	-	-	-	
(iv)	Unsecured	2,20,502.96	-	-	-	-	2,20,502.96	
	Total	2,20,502.96	-	-	-	-	2,20,502.96	
	Less: Impairment Loss Allowance	(7,127.31)	-	-	-	-	(7,127.31)	
	Total	2,13,375.65	-	-	-	-	2,13,375.65	
C.	Loans in India							
(i)	Public sector	-	-	-	-	-	-	
(ii)	Others	2,20,502.96	-	-	-	-	2,20,502.96	
	Less: Impairment Loss Allowance	(7,127.31)	-	-	-	-	(7,127.31)	
	Total	2,13,375.65	-	-	-	-	2,13,375.65	
	Loans outside India	Nil	-	-	-	-	Nil	

Classification of Loans

(₹ Lakh)

Sl. No.	Particulars	As at Mar 31, 2022					Sub total	Total
		Amortised Cost	At Fair Value					
			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								
(I)	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	

IMPAIRMENT LOSS

The expected credit loss allowance provision for Loans and Advances is determined as follows – (₹ Lakh)

Particulars	Performing Loans -12 month ECL	Under performing Loans – 'Lifetime ECL not credit Impaired'	Impaired loans - 'Lifetime ECL credit Impaired'	Total
Gross Balance as at Mar 31, 2023	2,12,740.28	419.76	7,342.92	2,20,502.96
Expected credit loss rate	0.26%	1.58%	89.52%	3.23%
Carrying amount as at Mar 31, 2023 (net of impairment provision)	2,12,214.39	413.14	769.89	2,13,375.65
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	0.25%	1.59%	80.75%	7.03%
Carrying amount as at Mar 31, 2022 (net of impairment provision)	1,56,210.88	2,365.08	2,818.51	1,61,394.47

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, 2023

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at Mar 31, 2022	1,56,605.28	2,403.28	14,639.41	1,73,647.96
- Transfers to Stage I	38.26	-32.59	-1.39	4.29
- Transfers to Stage II	-289.01	289.23	-0.22	0.00
- Transfers to Stage III	-811.21	-511.01	1,322.22	0.00
Loans that have been derecognised during the year	-36,953.87	-1,221.40	-1,504.45	-39,679.71
New Loans originated during the year	1,83,295.73	96.00	42.00	1,83,433.73
Write-off's	-0.23	-0.04	-6,538.50	-6,538.78
Recoveries	-89,144.67	-603.71	-616.15	-90,364.53
Gross carrying amount balance as at Mar 31, 2023	2,12,740.28	419.77	7,342.93	2,20,502.96

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-off's	-	-	(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

Reconciliation of ECL Balance as on March 31, 2023

(₹ Lakh)

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at Mar 31, 2022	394.40	38.20	11,820.90	12,253.49
- Transfers to Stage I	0.11	(0.10)	(0.01)	-
- Transfers to Stage II	(4.59)	4.60	(0.01)	(0.00)
- Transfers to Stage III	(326.61)	(336.02)	662.63	-
Loans that have been derecognised during the year	(88.21)	(19.62)	(797.98)	(905.81)
New Loans originated during the year	392.04	1.21	9.91	403.15
Write-off's	(0.02)	(0.08)	(6,538.68)	(6,538.78)
Re-measurement	572.74	427.50	1,862.47	2,862.72
Gross carrying amount balance as at Mar 31, 2023	547.66	6.62	6,573.04	7,127.32

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-off's	-	-	(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

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 –

Particulars	(₹ Lakh)	
	As at MAR 31, 2023	As at MAR 31, 2022
Concentration by Geographical region in India:		
East	67,059.55	41,282.31
North	9,815.47	6,268.16
South	1,21,243.81	1,11,832.10
West	22,384.13	14,265.40
Total	2,20,502.96	1,73,647.96

e) Modification of Contractual Cash flow: During the year, the Company has recognised gain on modification of contractual cash flow amounting to ₹79.61 Lakhs in interest income.

NOTE NO. 29

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.

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 previous 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 terms of the MOU the company has adjusted a sum of ₹261.14 lakh against ₹500lakh fund received from NABARD and remaining portion of fund balance of ₹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. 30

LOAN RECOVERY PENDING FOR REMITTANCE

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 to be deposited to designated bank account maintained by the company. The staff of the Company also do recovery under direct lending vertical. As on March 31, 2023, ₹147.75 lakh was collected but not deposited to the bank of account of the Company which is disclosed under other financial assets.

NOTE NO. 31
DISCLOSURE PURSUANT TO IND AS 12 “INCOME TAXES”
(a) Major components of tax expense / (income):

(₹ Lakh)

S. No	Particulars	As at MAR 31, 2023	As at MAR 31, 2022
(a)	Profit or Loss section:		
	(i) Current Income Tax:		
	- Current Income Tax Expense	1,298.35	1,296.01
	- Tax Expense of Prior Periods	6.20	82.93
		1,304.56	1,378.95
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(140.71)	(278.01)
	Effect of previously unrecognised tax losses used to reduce tax expense	-	-
		(140.71)	(278.01)
	Income tax expense reported in Profit or Loss [(i) + (ii)]	1,163.85	1,100.93
(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	1,304.56	1,378.95
	- Deferred Tax	(140.71)	(278.01)
	Income tax expense reported in retained earnings	1,163.85	1,100.93

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

S. No	Particulars	As at MAR 31, 2023	As at MAR 31, 2022
(a)	Profit before tax	9,616.82	4,273.46
(b)	Corporate tax rate as per Income Tax Act 1961	25.17%	25.17%
(c)	Tax on Accounting Profit (c)=(a)*(b)	2,420.36	1,075.55
(d)	(i) Tax on income exempt from tax	-	-
	(ii) Tax on expenses not tax deductible:	-	-
	(iii) CSR expenses	24.77	25.43
	(iv) Bad debts written off	(1,608.80)	-
	(v) Tax effect on others	327.52	50.82
	Total effect of tax adjustments (d) = [(i) -(ii) + (iii)+(iv)]	(1,256.52)	25.39
(g)	Tax expense recognised during the year (g)=(c)-(d)	1,163.85	1,100.93
(h)	Effective tax Rate (f)=(g)/(a)	12.10%	25.76%

NOTE NO. 32

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 2022-23, 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.

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. Further, during the year under review, the a building value of ₹36.96 lakhs which previously included in land value Dindigul has been regrouped under building and depreciation of ₹14.49 lakhs has been claimed during the year.

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.

NOTE NO 33

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, 2023	MAR 31, 2022
Right-of-Use Assets	857.49	508.64
Lease Liabilities	943.51	561.34

Maturity analysis of undiscounted lease liabilities (₹ Lakh)

Particulars	MAR 31, 2023	MAR 31, 2022
Up to 3 months	111.89	77.14
Up to 6 months	221.28	148.67
Up to 1 Year	426.46	280.27
From one to 3 years	517.05	281.07

Interest on lease liabilities is ₹61.75Lakh for the year ended on Mar 31, 2023

The total cash outflow for leases is ₹394.85 Lakh for the year ended Mar 31, 2023 is charged to lease liability. The company does not have any low- value lease assets.

NOTE NO 34

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 instalments 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 instalments and also interest.

The interest rate wise refinance outstanding as on March 31, 2023 is summarized in the following table.

Rate of Interest	Amount (₹ Lakh)
4.60%	1,734.00
5.30%	4,345.00
5.40%	2,746.60
5.45%	12,240.00
5.60%	2,904.00
5.75%	12,373.32
7.60%	20,882.80
7.65%	5,180.00
7.70%	7,194.90
8.05%	9,600.00
8.20%	458.91
8.35%	29,000.00
8.45%	1,548.00
8.50%	7,957.64
8.60%	18,000.00
8.65%	29,000.00
8.75%	9,038.10
9.20%	2,062.91
Grand Total	1,76,266.17

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 35

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, 2023, the other financial liabilities includes ₹281.09 lakh towards such security deposit under Other Financial Liabilities.

NOTE NO. 36

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 ₹ 582.12 lakh to Government of Tamil Nadu after adjusting a sum of ₹117.88 lakh towards receivable as per the terms of MOU and the loan account has been closed in the books of the Company accordingly. The same has been communicated vide letter dated October 31, 2022 and confirmation is awaited. In future, the recovery if any against the loan accounts which are adjusted from fund will be passed on to the Project Management Unit (PMU) of IFAD.

NOTE NO 37

SHG/JLG GROUPS AND B&DCS BALANCE

The Company had established Financial Education Welfare Fund (subject to approval by the Reserve Bank of India) and had transferred an amount ₹505.73 lakhs which was earlier shown as payable to groups and unclaimed amount from borrowers. During the year based on claim made by the borrower, the amount was refunded/adjusted towards loan account and balance fund to the tune of ₹ 489.08 lakhs is disclosed in other financial liabilities.

NOTE NO 38

EMPLOYEE BENEFIT EXPENSES

- i. 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 ₹117.42 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.
- ii. 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 ₹188.22 lakh (excluding of taxes) towards this reimbursement.
- iii. 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, 2023	For the year ended MAR 31, 2022
Employers' contribution to Pension and Provident Fund	410.53	234.93
Employers' contribution to ESIC	72.78	54.22
Labour Fund Employers' Contribution	1.06	0.38

iv. Gratuity.

The Gratuity funds maintained by NABFINS Employees Limited Group Gratuity Trust. The fund is managed by NABFINS Employees Limited Group Gratuity Trust 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 ₹74.59 lakh has been paid to NABFINS Employees Group Gratuity Trust the and is included in employee benefit expense.

Company has taken actuarial valuation on gratuity and leave encashment for the year ended March 31, 2023 to review the adequacy of fund towards gratuity obligation. As stated above the company discharges its liabilities towards gratuity by contributing to NABFINS Employees Group Gratuity Trust 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.

The fund balance as on March 31, 2023 is as under:-

A. Change in Defined Benefit Obligation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Defined Benefit Obligation at beginning of year	288.98	249.11
Current Service Cost	102.51	62.16
Past Service Cost		
(Gain) / Loss on settlements	-	-
Interest Expense	20.52	16.81
Benefit Payments from Plan Assets	(39.22)	(13.20)
Remeasurements - Due to Financial Assumptions	7.72	(8.57)
Remeasurements - Due to Experience Adjustments	1.77	(17.33)
Defined Benefit Obligation at end of year	382.28	288.98
Discount Rate	7.40%	7.10%
Salary Escalation Rate	6.00% p.a.	6.00% p.a.

B. Change in Fair Value Estimates

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Fair Value of Plan Assets at beginning of year	382.65	276.52
Interest Income	28.15	21.49
Employer Contributions	66.90	96.93
Benefit Payments from Plan Assets	(39.22)	(13.20)
Remeasurements - Return on Assets(excluding Interest Income)	14.10	0.92
Fair Value of Plan Assets at end of year	424.39	382.65

Weighted Average Asset Allocations at the year end		
Equities	-	-
Bonds	-	-
Gilts	-	-
Insurance Policies	100%	100%
Total	100%	100%

C. Components of Defined Benefit Cost

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Current Service Cost	102.51	62.17
Past Service Cost	-	-
Total Service Cost	102.51	62.17
Interest Expense on DBO	20.52	16.81
Interest (Income) on Plan Assets	(28.15)	(21.49)
Total Net Interest Cost	(7.63)	(4.68)
Reimbursement of Other Long Term Benefits	-	-
Defined Benefit Cost included in P & L	94.87	57.49
Remeasurements - Due to Demographic Assumptions	-	-
Remeasurements - Due to Financial Assumptions	7.72	(8.57)
Remeasurements - Due to Experience Adjustments	1.77	(17.33)
(Return) on Plan Assets (Excluding Interest Income)	14.10	(0.92)
Total Remeasurements in OCI	23.59	(26.82)
Total Defined Benefit Cost recognized in P&L and OCI	118.47	30.67
Discount Rate	7.40%	7.10%
Salary Escalation Rate	6.00%	6.00%

D. Amounts recognized in the Statement of Financial Position

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Defined Benefit Obligation	382.28	288.98
Fair Value of Plan Assets	424.39	382.65
Funded Status - Short / (Excess)	(42.11)	(93.67)
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	(42.11)	(93.67)

E. Net Defined Benefit Liability / (Asset) reconciliation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Net Defined Benefit Liability/(Asset) at beginning of year	(93.67)	(27.41)
Defined Benefit Cost included in P & L	94.87	57.49
Total Remeasurements included in OCI	23.59	(26.82)
Amount recognized due to Plan Combinations	-	-
Employer Contributions	(66.90)	(96.93)
Credit to Reimbursements	-	-
Net Defined Benefit Liability / (Asset) at end of year	(42.11)	(93.67)

Expected Cash flow for following years

(₹ Lakh)

Maturity Profile of Defined Benefit Obligations	
Next 12 Months	14.58
Year 2	21.50
Year 3	28.88
Year 4	24.10
Year 5	27.37
Year 6	29.47
Year 7	26.65
Year 8	27.33
Year 9	23.82
Year 10	29.90

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, 2023	MAR 31, 2022
Discount Rate	7.40%	7.10%
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	7.40%	7.10%
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	29.91	29.04

NOTE: As stated above the company obtained the actuarial valuation report to know obligation and additional contribution amount of ₹ 7.30 lakh (₹431.68 lakh – ₹424.38 lakh) made towards gratuity is being carried forward without recognising the plan asset/reversing the additional provision in the books.

v. Leave Encashment

The Company has provided a sum of ₹199.65 lakh towards leave encashment on undiscounted basis as per the policy of the Company as on March 31, 2023. The actuarial valuation report has been obtained to review adequacy of the said provision.

The Company has obtained actuarial valuation report on leave encashment as on March 31, 2023. 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.

A. Change in Defined Benefit Obligation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Defined Benefit Obligation at beginning of year	123.47	112.15
Current Service Cost	130.98	90.31
Past Service Cost	-	-
Total Service Cost	130.98	90.31
Interest Expense on DBO	8.77	7.57
Settlement Payments from Plan Assets	(199.65)	(136.64)
Defined Benefit Cost included in P & L		
Remeasurements - Due to Financial Assumptions	(5.96)	(2.87)
Remeasurements - Due to Experience Adjustments	117.01	52.95
Total Defined Benefit Cost recognized in P&L and OCI	174.61	123.47
Discount Rate	7.40%	7.10%
Salary Escalation Rate	6.00% p.a	6.00% p.a

C. Amounts recognized in the Statement of Financial Position

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Defined Benefit Obligation	174.61	123.47
Fair Value of Plan Assets	-	-
Funded Status - Short / (Excess)	174.61	123.47
Effect of Asset Ceiling / Onerous Liability	-	-
Net Defined Benefit Liability / (Asset)	174.61	123.47

E. Net Defined Benefit Liability / (Asset) reconciliation

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Net Defined Benefit Liability/(Asset) at beginning of year	123.47	112.15
Defined Benefit Cost included in P & L	139.74	97.88
Total Remeasurements included in OCI	111.05	50.08
Employer Direct Benefit Payments	(199.65)	(136.64)
Net Defined Benefit Liability / (Asset) at end of year	174.61	123.47

G. Current and Non-Current Liability and Asset

(₹ Lakh)

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
Non-Current Assets	-	-
Current Liabilities	12.76	8.69
Non-Current Liabilities	161.86	114.77

Expected Cash flow for following years

(₹ Lakh)

Maturity Profile of Defined Benefit Obligations	
Next 12 months	12.76
Year 2	13.64
Year 3	14.68
Year 4	12.67
Year 5	12.20
Year 6	12.09
Year 7	11.39
Year 8	11.54
Year 9	10.56
Year 10	12.48

The weighted average duration of defined benefit obligation is 5.32. Best Estimate of Contribution during the next year. The Best Estimate Contribution for the Company during the next year would be ₹ 160.88 Lakh

Experience Adjustments on Present Value of DBO and Plan Assets

Particulars	Financial Year Ending MAR 31, 2023	Financial Year Ending MAR 31, 2022
(Gain) / Loss on Plan Liabilities	117.01	52.94
% of Opening Plan Liabilities	94.76%	47.21%
(Gain) / Loss on Plan Assets	-	-
% of Opening Plan Assets	0%	0%

Discontinuance Liability

Amount payable upon discontinuance of all employment is ₹199,82,041/-

Summary of Financial & Demographic Assumptions

Particulars	Valuation Date	
	MAR 31, 2023	MAR 31, 2022
Discount Rate	7.40%	7.10%
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	29.90	29.12

NOTE: As stated above the company obtained the actuarial valuation report to know obligation and additional provision amount of ₹ 25.04 lakh (₹199.65 lakh – ₹174.61 lakh) made towards leave encashment is being carried forward without recognising the plan asset/reversing the additional provision in the books.

NOTE NO 39

EXPENDITURE UNDER CORPORATE SOCIAL RESPONSIBILITY –

(₹Lakh)

(a)	Amount required to be spent by the company during financial year 2022-23	₹ 98.40
(b)	Amount of expenditure incurred	₹ 18.00
(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, Promoting awareness for special children, Women Empowerment.

(g)	Details of related party transactions	Nabfoundation, a section 8 Company and subsidiary of NABARD. NABFINS sanctioned a project named 'Nirmal Jal' regarding installation of RO-UV water filtration plant in Wardha district, Vidarbha, Maharashtra at a cost of ₹ 20,00,000/-.
(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

Annexure 1:

Movement during FY 2022-23 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 & FY2021-22		94.58	
B	For Projects pertaining to FY 2020-21			
	For construction of school toilet, indoor stadium and providing safe drinking water at Govt. High School, Akkirampura, Koratagere Taluk, Tumakur North Educational District, Karnataka	12.50	12.50	
	For construction of School toilet and providing safe drinking water at Govt. High School, Sennakunam, Villupuram, Tamil Nadu	1.00	1.00	
C	For Projects pertaining to FY 2021-22			
	Clean Ganga Kosh (for a project which got stopped and became un-earmarked project)	0.51	0.51	
	For Construction and Maintenance of Community Toilet Complex at Bhadravathi Taluka Hospital, Shivamogga District, Karnataka through SULABH	16.00	16.00	
	For providing Computer systems along with printer and other accessories at St. Thomas Higher Secondary School, Kozhencherry, Kerala	15.00	15.00	
	For installing electronic gadgets for digital education to the Schools in remote village of Belagavi district, Karnataka	2.17	2.17	
	CSR for construction of toilet and urinal blocks and installation of RO water purifier in Govt. High School at Su. Pilrampattu, Tmail Nadu	14.10	11.75	Remaining amount has been carried forward to next year
	For providing Computer systems with necessary accessories and interactive flat panel for a smart classroom at Govt. Primary School, Kalikuppam, Karaikal, Puducherry	3.26	3.26	
	For construction of toilet and providing safe drinking water in three Government Schools of Cuddalore district through REAL	18.40	14.50	Remaining amount has been carried forward to next year

	For Project 'My Pad My Right' (MPMR) by NAB Foundation, Mumbai, towards installation of a unit for manufacturing sanitary pads under the Company's CSR scheme in Central Jail, Dimapur, Nagaland	8.10	4.05	
	For construction of girls' toilet and adapted toilet and installation of equipment for smart classrooms at Govt. H.S.L.P. School, Aryad, Alappuzha, Kerala	7.59		Amount has been carried forward to next year
D	Balance at the end of the Year pertaining to FY 2020-21 & 21-22 (A-B)		13.84	
E	Addition to Provision during the Year pertaining to FY 2022-23		80.40	
F	Balance at the end of the Year (C+D)		94.24	

Annexure 2:

Details of CSR activities undertaken during the year FY 2022-23

As against the CSR budget of ₹95.23 lakh for FY 2022-23, 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 2022-23, is appended below: (₹ Lakh)

Sl. No.	Activity	Amount Sanctioned	Amount Released
01	For construction of School Toilet at GMPS, Siyatlab, Raichur, Karnataka with SULABH	15.00	15.00
02	For construction of Meeting hall at its KVVKT's premises at Balesar, Siddapur, Karnataka	5.00	3.00
03	For Tailoring Training and Embroidery Programme to Adolescent Girls and Women at Magadi Tq, Ramanagara Dist.	5.00	Nil
04	For supporting 'All India National Festival for Children with disabilities' organised by 'The Academy of Magical Sciences', Trivandrum, Kerala	10.00	Nil
05	Installation of Incinerator for Girls students in 50 Schools of Namakkal District of Tamil Nadu	12.09	Nil
06	For Tailoring Training and Embroidery Programme for Rural Women for their empowerment at Dharmathupatti Dindigul, TN	4.84	Nil
07	establishment of 'Mini Science Centre' in 1 school each of Chamarajnagar & Chitradurga Districts of Karnataka through Samabhavana NGO	11.46	Nil
08	For installation of RO-UV water filtration plant in Wardha district, Vidarbha, Maharashtra through NABFoundation	20.00	Nil
09	For construction of Ladies Common Room with toilet and other facilities at University Campus, Bangalore	15.00	Nil
	TOTAL	98.40	18.00
	Balance transferred to CSR UNSPENT AMOUNT A/C (i.e.; Provision made for FY 2022-23)		80.40

NOTE NO 40
RELATED PARTY TRANSACTIONS –
Details of Related Parties and Nature of relationship:

Description of Relationship	As at MAR 31, 2023	As at MAR 31, 2022
Holding Entity	NABARD	NABARD
Share Holder	-	Union Bank of India
Non-Executive Chairman & Independent Director	-	Shri Jugal Kishore Mohapatra
Non-Executive Chairman & Independent Director	Shri S V Ranganath	Shri S V Ranganath
Managing Director (KMP)	Shri Jiji Mammen	Shri Jiji Mammen
Managing Director (KMP)	Dr. Diwakar Hegde	-
Independent Director	-	Dr. Charan Singh
Independent Director	Shri Manoj Kumar Sharma	Shri Manoj Kumar Sharma
Independent Director	Shri Ajay Kumar Kapur	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
Chief Financial Officer (KMP)*	-	Sri Sanjay Kumar
Chief Operating Officer & Nominee Director		
Chief Financial Officer (KMP)**	Shri Jayasheelan A	-
Company Secretary (KMP)	Ms. Sumati Sharma	Ms. Sumati Sharma
Common Parent	NABFOUNDATION	NABFOUNDATION

* Shri Sanjay Kumar resigned from the post of CFO of the Company w.e.f. August 18, 2022. Further he has been appointed as Nominee Director of the Company w.e.f. December 17, 2022;

** Shri Jayasheelan A has been appointed as the CFO of the Company w.e.f. December 17, 2022

Transactions with the related parties

(₹ Lakh)

Name(s) of the related party	Nature of Relationship	Nature of Contracts / Arrangements / Transactions	For The Year Ended MAR 31, 2023	For The Year Ended MAR 31, 2022	
NABARD	Holding Entity	Loan Received	1,16,951.00	54,552.20	
		Loan Repaid	73,335.44	41,757.26	
		Interest	9,373.44	8,045.32	
		Rent Payment	5.00	5.00	
		Reimbursement towards Salary of	Shri Jiji Mammen, Managing Director (KMP)	23.13	74.96
			Dr. Diwakar Hegde Managing Director (KMP)	85.51	-
			Shri Vinod C., Chief Operating Officer (GM)	20.96	50.00
			Shri Sanjay Kumar Chief Compliance Officer (GM)	55.02	45.96
			Shri K Radhakrishnan, Chief Technology Officer (DGM)	45.36	40.70
			Reimbursement of Salary of Sri Shantveer Serikar Chief Information Office (AGM)#	14.43	22.10
			Shri Sasikumar Chandrababu (AGM)	33.29	-
			Adeeshaya D Chief Technology Officer (Mgr)	14.80	-
			Other Payments for NABARD Staff	4.36	-

Name(s) of the related party	Nature of Relationship	Nature of Contracts / Arrangements / Transactions	For the Year Ended MAR 31, 2023	For the Year Ended MAR 31, 2022
Shri Jugal Kishore Mohapatra	Non - Executive Chairman & Independent Director	Sitting Fee	-	1.75
Shri S V Ranganath		Sitting Fee	3.95	1.00
Dr. Diwakar Hegde ³	Managing Director	Residential Rent	6.53	-
Shri Jiji Mammen ²	Managing Director	Residential Rent	2.25	6.21
Dr. Charan Singh	Independent Directors		-	0.90
Shri Manoj Kumar Sharma			2.70	2.25
Shri Ajay Kumar Kapur			3.55	1.40
Dr. Deepali Pant Joshi			4.55	2.50
Shri K Udaya Bhaskara Reddy			3.60	2.10
Shri Jayasheelan A	Chief Financial Officer		9.07	-
Ms. Savitri Hegde	Company Secretary (KMP)	Remuneration	-	2.33
Ms. Sumati Sharma			9.21	5.66
NABFOUNDATION ⁴	Common Parent	CSR	-	9.82

1. The above stated amounts are exclusive of GST;

2. Shri Jiji Mammen ceased to be MD on account of his superannuation from close of business hours on May 31, 2022;
3. Dr. Diwakar Hegde has been appointed as MD on account of his placement from NABARD w.e.f. June 01, 2022;
4. 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 FY2022-23, also contains the CSR obligation for FY 2020-21 & FY 2021-22 which was released in FY 2022-23.

NOTE NO. 41

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 2023					
Financial Assets					
a) Cash and cash equivalents	838.40	838.40	838.40	-	-
b) Bank Balances other than (a) above	6,028.70	6,028.70	6,028.70	-	-
c) Loans (net)	2,13,375.65	2,13,375.65	-	-	2,13,375.65
d) Other Financial Assets	827.19	827.19	-	-	827.19
Total	2,21,069.94	2,21,069.94	6,867.11	-	2,14,202.84
Financial Liabilities					
a) Payables	463.54	463.54	-	463.54	-
b) Borrowings	1,76,266.17	1,76,266.17	-	1,76,266.17	-
c) Other Financial Liabilities	1,544.65	1,544.65	-	1,544.65	-
d) Lease Obligation	943.51	943.51	-	-	943.51
Total	1,79,217.88	1,79,217.88	-	1,78,274.37	943.51

Particulars	Carrying Value	Fair value	Fair value		
			Level - I	Level - II	Level - II
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	569.4	569.4	-	-	569.4
Total	1,69,757.60	1,69,757.60	7,793.72	-	1,61,963.88
Financial Liabilities					
a) Payables	425.54	425.54	-	425.54	-
b) Borrowings	1,33,436.76	1,33,436.76	-	1,33,436.76	-
c) Other Financial Liabilities	1,559.36	1,559.36	-	1,559.36	-
d) Lease Obligation	561.35	561.35	-	-	561.35
Total	1,35,983.01	1,35,983.01	-	1,35,421.66	561.35

NOTE NO. 42

MATURITY ANALYSIS OF ASSETS AND LIABILITIES –

(₹ Lakh)

Particulars		As at MAR 31, 2023			As at MAR 31, 2022		
	ASSETS	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
1	FINANCIAL ASSETS						
(a)	Cash and Cash Equivalents	838.40	-	838.40	3,632.28	-	3,632.28
(b)	Bank Balances other than(a)above	6,028.70	-	6,028.70	4,161.45	-	4,161.45
(c)	Loans (net)	1,39,179.57	74,196.08	2,13,375.65	95,000.07	66,394.40	1,61,394.47
(d)	Other Financial Assets	698.90	128.29	827.19	479.36	90.04	569.4
2	NON FINANCIALASSETS						-
(a)	Current Tax Assets(Net)	110.26	-	110.26	-	-	-
(b)	Deferred Tax Assets(Net)		582.02	582.02		441.31	441.31
(c)	Property, Plant And Equipment		1,400.20	1,400.20	-	1,277.48	1,277.48
(d)	Intangible Assets		1.03	1.03		-	-
(e)	Right of Use Assets	-	857.49	857.49	-	508.64	508.64
(f)	Other Non-Financial Assets	374.92	-	374.92	306.27	-	306.27
	TOTAL-ASSETS	1,47,230.74	77,165.12	2,24,395.86	1,03,579.43	68,711.87	1,72,291.30

Particulars		As at MAR 31, 2023			As at MAR 31, 2022		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY							
1	FINANCIAL LIABILITIES						
(a)	Payables	384.23	79.31	463.54	349.63	75.91	425.54
(b)	Borrowings (other than debt securities)	95,742.75	80,957.84	1,76,700.59	65,061.38	68,375.37	1,33,436.75
(c)	Other Financial Liabilities	459.27	1,085.38	1,544.65	336.78	1,222.59	1,559.37
(d)	Lease Obligation	759.63	183.88	943.51	280.27	281.07	561.34
2	NON-FINANCIAL LIABILITIES						-
(a)	Current Tax Liabilities(Net)	-	-	-	158.9	-	158.90
(b)	Provisions	371.25	-	371.25	291.57	-	291.57
(c)	Other Non-Financial Liabilities	330.25	-	330.25	268.75	467.65	736.39
3	EQUITY						-
(a)	Equity Share Capital	16,165.63		16,165.63	-	16,165.63	16,165.63
(b)	Other Equity	27,876.43		27,876.43	-	18,955.82	18,955.82
	TOTAL-LIABILITIES AND EQUITY	1,42,089.45	82,306.41	2,24,395.86	66,313.11	1,05,978.19	1,72,291.30

NOTE NO 43

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.

NOTE NO 44

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.

- (i) Under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act”) which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

The disclosure as required by section 22 of MSMED Act has been given below:

PARTICULARS	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	-	-
(ii) Interest due thereon remaining unpaid	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

NOTE NO. 45

FOREIGN CURRENCY TRANSACTIONS

Particulars	FY 2022-2023	FY 2021-22
a. Earnings in Foreign Currency	Nil	Nil
b. Expenditure in Foreign Currency	Nil	Nil

NOTE NO. 46

AUDIT FEES

(₹Lakh)

Particulars	FY 2022-23	FY 2021-22
Statutory Audit Fee	5.50	5.00
Tax Audit Fee	0.44	0.44

Note: The above stated amounts are exclusive of taxes.

NOTE NO. 47

APPROVAL OF FINANCIAL STATEMENT

The Standalone financial statement for the year ended March 31, 2023 were authorized and approved for issue by the Board of Directors on April 29th 2023.

NOTE NO. 48

GRANT FOR PROMOTION OF JOINT LIABILITY GROUP

For promoting & credit linkage of JLGs, NABARD has sanctioned grant in four states namely Chhattisgarh, Jharkhand, Maharashtra and Madhya Pradesh under Joint Liability Group Promoting Institution (JLGPI). The project size is for 23500 JLGs with an amount of ₹ 9.40 crore for the above 4 States, where each JLG will be granted with ₹4000 for a period of 3 years on instalment basis. For the year under review, the Company has received an amount of ₹167.44 (6807 JLGs at the rate of ₹2000/- & ₹ 3130 JLGs at the rate of ₹1000).

NOTE NO. 49

DIVIDEND

Your directors propose to declare 10% dividend on equity shares for the year 2022-2023. The cash out flow in the form dividend will be ₹1,616.56 lakhs. Dividend on equity shares allotted during the year ranks for pro rata dividend as per the norms of the allotment.

NOTE NO.50

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

(₹ Lakh)

Particulars	As at MAR 31, 2023	As at MAR 31, 2022
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/ GST	15.27	
Appeal by the company#	74.04	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.

For the year, under review the GST audit was conducted for 3 years beginning from 2017-2018 to 2019-2020. Based on the audit, the GST authority (GST audit team) has raised a demand of ₹ 15.27 lakhs towards irregular input tax credit. The input tax was claimed based on the tax payment and invoice under reverse charge mechanism. The case is pending for adjudication. The Company is of the opinion that the above demand is not tenable and no provision is made in the books of accounts.

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.

NOTE NO. 51

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 ₹21.76lakh 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. 52

OPERATING SEGMENTS –

- The Company operates in a single reportable segment i.e. financing which has similar risks and returns for the purpose of IndAS 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, 2023 or March 31, 2022.

NOTE NO. 53

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.54

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.55**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 wilful defaulter. Hence furnishing information on the same does not arise.

NOTE NO.56**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. 57**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.58**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.59**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.

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. 60**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 MAR 31, 2023	As at MAR 31, 2022
Tier – I Capital	42,397.60	33,642.01
Tier – II Capital	-	-
Total	42,397.60	33,642.01
Aggregate of Risk Weighted Assets	2,16,721.61	1,63,965.09
Tier – I Capital ratio	19.56%	20.52%
Tier – II Capital ratio	-	-
CRAR	19.56%	20.52%

“**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.

“**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. 61

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 2023 and as at March 31st 2022.

(b) **Securitization**

The Company did not have any exposure in securitized assets as at March 31st 2023 and as at March 31st 2022.

(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 2023 and as at March 31st 2022.

(d) **Exposure to Capital Market**

The Company did not have any direct or indirect exposure to the capital market as at March 31st 2023 and as at March 31st 2022.

NOTE NO. 62

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 25 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 group / parties in excess of 40 per cent of the owned fund of the nonbanking financial company: Nil

NOTE NO. 63
ADDITIONAL DISCLOSURES
1. Registration obtained from other financial sector regulators

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)	7980.49
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	3.62%

4. Concentration of Exposures:

(₹ Lakh)

Particulars	Amount
Total Exposure to twenty largest borrowers / customers	7980.49
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	98.59%

5. Concentration of NPAs:

(₹ Lakh)

Particulars	Amount
Total Exposure to top four NPA accounts	1,835.55

Sector-wise NPAs:

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
2. Industry						
1. Agricultural and Allied Activities	2,12,408.97	5,295.32	2.49%	1,62,678.54	12,578.67	7.73%
2. Corporate Borrowers	8,093.98	2,047.61	25.30%	10,969.42	2,060.74	18.79%
Others	-	-	-			
Total of Industry (i +ii+...+Others)	2,20,502.96	7,342.93	3.33%	1,73,647.96	14,639.41	8.43%
3. Services	NIL					
4. Personal Loans						

6. Movement of NPAs

(₹ Lakh)

Particulars	2022-23	2021-22
a) Movement of Gross NPA		
Opening Balance	14,639.41	1,4219.11
Additions during the year	1,359.55	5,220.29
Reduction/write off/upgraded during the year	8,656.04	4,800.00
Closing Balance	7,342.93	14,639.41
b) Movement of Net NPA		
Opening Balance	2,818.53	2,685.87
Additions during the year	70.03	513.18
Reduction during the year	2,118.65	380.54
Closing Balance	769.89	2,818.53
c) Movement of Provisions for NPAs		
Opening Balance	11,820.90	11,533.24
Provision made during the year	1,289.52	4,707.12
Write-off/ Write-back of excess provisions	6,537.39	4,419.46
Closing Balance	6,573.04	11,820.90

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 2022-23)	Previous Year (FY 2021-22)
Provisions for Depreciation on Investment	-	-
Provision towards NPA		
Provision made towards Income Tax	1,163.85	1,100.93
Other Provision and Contingencies (with details)		
(i) Leave Encashment	199.65	136.63
(ii) Leave Travel Allowance		
Provision for Standard Assets	1,412.60	3,658.11

NOTE NO. 64
DISCLOSURE OF COMPLAINTS:

Sl. No.	Particulars	Current Year (FY 2022-23)	Previous Year (FY 2021-22)
	Complaints received by NBFC from its customers		
1	Number of complaints pending at beginning of the year	0	0
2	Number of complaints received during the year	15	4
3	Number of complaints disposed during the year	15	4
	3.1 Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	0	0
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman	-	-
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year (2022-23)					
Loans & advances	NIL	6	200	NIL	NIL
Related to B&DC & its staff	NIL	3	50	NIL	NIL
Related to staff behaviour of NABFINS	NIL	2	100	NIL	NIL
Levy of charges without prior notice/ excessive charges/ foreclosure charges	NIL	1	-	NIL	NIL
Non-observance of fair practices code	NIL	0	-	NIL	NIL
Facilities for customers visiting the office/ adherence to prescribed working hours, etc.	NIL	0	-	NIL	NIL

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Others	NIL	3	-	NIL	NIL
Total	NIL	15		NIL	NIL
Previous Year (2021-22)					
Loans & advances	NIL	2	0	NIL	NIL
Related to B&DC & its staff	NIL	2	33	NIL	NIL
Related to staff behaviour of NABFINS	NIL	1	-	NIL	NIL
Levy of charges without prior notice/ excessive charges/ foreclosure charges	NIL	0	-	NIL	NIL
Non-observance of fair practices code	NIL	0	-	NIL	NIL
Facilities for customers visiting the office/ adherence to prescribed working hours, etc.	NIL	0	-	NIL	NIL
Others	NIL	0		NIL	NIL
Total		5		NIL	NIL

NOTE NO. 65

DISCLOSURE ON FRAUD –

By Employees/B&DC

For the year under review, ₹44.67 lakh was embezzled by employees /B&DC and its representative of which ₹24.37 lakh is recovered. Provision has been made in books for the remaining unrecovered amount.

By Borrower

The Company had disbursed loan amount of ₹2 Cr and ₹ 5 Cr to Margdarshak Financial Services Limited based at Lucknow respectively on 30.10.2018 and 28.02.2020. The Company had reported the cases as SMA-2 on October 22, 2021. Other lenders to Margdarshak Financial Services Limited including Punjab National Bank had reported to RBI with regard to loan default & alarming state of affairs. All the lenders to Margdarshak Financial Services Limited formed a Core Committee to oversee the developments in the company. Subsequently, PNB took the lead in forming a Joint Lenders Forum (JLF) and it was decided by all lenders to conduct a Forensic Audit of to Margdarshak Financial Services Limited. Based on the Forensic Audit, it was it was decided to declare the account as Fraud. The Company has classified the account of Margdarshak Financial Services Limited as Fraud has made 100 % provision.

NOTE NO. 66

(a.) STATUTORY RESERVE

During the year, the company has transferred ₹1690.6 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. 67

Liquidity Risk Management

The 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)	-	-	19,390.62	30,733.30	45,184.41	80,957.84	-	-	1,76,266.17
Total	-	-	19,390.62	30,733.30	45,184.41	80,957.84	-	-	1,76,266.17
Assets									
Deposits	5,000.00	-	-	0.82	1,010.00	-	-	-	6,010.82
Advances (net)	16,000.00	16,200.00	16,500.00	29,652.00	67,954.88	51,327.86	22,868.22	-	2,20,502.96
Total	21,000.00	16,200.00	16,500.00	29,652.82	68,964.88	51,327.86	22,868.22	-	2,26,513.78

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

NOTE NO. 68

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	2,12,740.26	846.76	2,11,893.50	846.76	0
	Stage 2	419.77	6.62	413.15	1.67	4.95
Subtotal		2,13,160.03	853.38	2,12,306.65	848.43	4.95
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,802.91	4,681.52	121.39	4,394.66	286.86
Doubtful - up to 1 year	Stage 3	232.77	232.77	0.00	232.77	0
1 to 3 years	Stage 3	2189.89	2189.89	0.00	2189.89	0
More than 3 years	Stage 3	117.36	117.36	0.00	117.36	0
Subtotal for Doubtful		7,342.93	7,221.54	121.39	6,934.68	286.86
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		7,342.93	7,221.54	121.39	6,934.68	286.86
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	2,12,740.26	846.76	2,11,893.50	846.76	-
	Stage 2	419.77	6.62	413.15	1.67	4.95
	Stage 3	7,342.93	7,221.54	121.39	6,934.68	286.86
	Total	2,20,502.96	8,074.92	2,12,428.04	7,783.11	291.81

The additional provision of ₹947.60 lakhs created during financial year 2021-2022 in compliance to Income Recognition and Asset Classification and Provisioning Norms issued by Reserve Bank of India was disclosed in the other financial liability in the previous year financial statement has been regrouped and shown under impairment reserve ₹947.60 under other equity. The said provision created in the previous year has been factored while arriving at the overall provisioning requirement for the current year.

NOTE NO. 69
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.

Resolution Frame Work 2.0

(₹ Lakh)

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	-	-

The position as on March 31, 2023 is as under:-

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
Aug-21	9,487.13	-	-	-	9,487.13
Mar-22	9,487.13	751.14	-	3,993.00	5,427.59
Mar-23	5,427.59	410.27	2.17	4,578.12	310.78

In compliance to above guidelines, the incremental provision of ₹467.65 lakhs which was created by appropriating from profit and loss account was no longer required, as the borrower has complied with terms and condition restructuring. Accordingly the provision of ₹467.65 withdrawn and credited to other equity.

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.

Status as on 31 March 2022

(₹ 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.

Status as on 31 March 2023)

(₹ 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-23	1011	130.36	Nil	Nil	-

Moratorium Interest

(₹ Lakh)

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
Mar-23	8,460.84	712.97	3580.96	10422.13	130.36

The following disclosures are pursuant to Reserve Bank of India's Circular No. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 read with Circular No. DOR.ACC. REC.No. 20/21.04.018/ 2022-23 dated April 19, 2022 on 'Scale Based Regulation (SBR). NABFINS Limited being NBFC-ML discloses following under the corporate governance section of the annual report.

NOTE NO 70

CORPORATE GOVERNANCE

1) Composition of the Board

(₹ in Lakhs)

Sl. No.	Name of Director	Director Since	Capacity	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and Other Compensation	Sitting Fee	Commission	
1	S V Ranganath	01.10.2021	Non-Executive Chairman & Independent Director	00323799	7	7	6		3.95		
2	Dr. Deepali Pant Joshi	19.01.2021	Independent Director	07139051	7	7	7		4.55		
3	K Udaya Bhaskara Reddy	19.01.2021		06926054	7	7	1		3.6		
4	Ajay Kumar Kapur	01.10.2021	Independent Director	00108420	7	7	3		3.55		
5	Manoj Kumar Sharma	25.02.2019		00970789	7	5	3		2.7		NIL
6	L K Atheeq	18.09.2018		07558795	7	1	3				
7	Sindhu K A	09.06.2021	Nominee Director	09195873	7	2	-				
8	Niraj Kumar Verma	01.07.2020		08242178	7	6	1				
9	T Ramesh	01.02.2021		08767836	7	5	-				
10	Sreenivasa Rao B	26.09.2019 to 28.02.2023	Managing Director	08263305	7	4 (applicable only 6)	-				
11	Sanjay Kumar	17.12.2022		97722716	7	1 (applicable only 1)	-		55.02		1
12	Jiji Mammen	15.06.2020 to 31.05.2022	Managing Director	06808988	7	3 (applicable only 3)	-		25.38		1
13	Dr. Diwakar Hegde	01.06.2022		09611961	7	4 (applicable only 4)	-		92.04		NIL

Details of change in composition of the Board during the Current Financial Year.

Sl. No.	Name of Director	Capacity	Nature of Change (Resignation, Appointment)	Effective Date
1	Shri Jiji Mammen	Managing Director	Cessation on account of Superannuation	01.06.2022
2	Dr. Diwakar Hegde	Managing Director	Appointment on account of Placement by NABARD	01.06.2022
3	Sanjay Kumar	Nominee Director	Appointment on account of Nomination by NABARD	17.12.2022
4	Sreenivasa Rao B	Nominee Director	Cessation on account of Superannuation	28.02.2023

Details of change in composition of the Board during the Previous Financial Year.

Sl. No.	Name of Director	Capacity	Nature of change (resignation, appointment)	Effective Date
1	J K Mohapatra	Non-Executive Chairman & Independent Director	Retirement	01.10.2022
2	S V Ranganath	Non-Executive Chairman & Independent Director	Appointment	01.10.2022
3	Prof. Charan Singh	Independent Director	Retirement	01.10.2022
4	Ajay Kumar Kapur	Independent Director	Appointment	01.10.2022
5	Sidhu K A	Nominee Director	Appointment on account of Nomination by Canara Bank	09.06.2021
6	M Paramasivam	Nominee Director	Appointment on account of Nomination by Canara Bank	09.06.2021

2) Committees of the Board and their Composition

A. Following are the board level committee:-

1. Audit Committee
2. Nomination & Remuneration Committee
3. Corporate Social Responsibility (CSR) Committee
4. Risk Management Committee
5. Loan Committee
6. IT Strategy Committee
7. HR Sub-Committee

B. For each committee, mention the summarized terms of reference and provide the following details.

Terms of References for the above mentioned Committees are as follows:

1. Audit Committee

- A. To recommend to the Board for fixing remuneration of the Company's auditors;
- B. To review the financial reporting;
- C. To review external audit reports
- D. To approve, modify and review related party transactions;
- E. To monitor and review of Company's risk management and internal control practices;
- F. To monitor and review vigil mechanism of the Company;
- G. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

2. Nomination & Remuneration Committee

- A. To identify individuals who are qualified to become directors and Key Managerial Personnel(s) and recommend to the Board for their appointment;
- B. To fix and review the remuneration payable to Directors and Key Managerial Personnel of the Company;

- C. To recommend to the Board for membership of the Audit Committee;
 - D. To review / record the outcome of the annual performance evaluation of the Board, Board Committees, Chairperson etc.;
 - E. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.
3. CSR Committee
- A. To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013;
 - B. To recommend for approval of the Board the amount of expenditure to be incurred under the Company's CSR;
 - C. To monitor implementation of the activities under the CSR Policy of the Company from time to time;
 - D. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.
4. Risk Management Committee
- A. To formulate and advise the Company to design , develop and implement risk management strategy and review of its implementation;
 - B. Monitoring the risk in business operations;
 - C. To strategize and formulate appropriate risk mitigating measures and policies
 - D. To monitor and review periodically, various risks associated with Company's business operations.
5. Loan Committee
- A. To ensure sanction of high value credit which falls beyond the sanctioning powers of management officials either jointly or severally.
6. T Strategy Committee
- A. The IT Strategy Committee shall work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance
 - B. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
 - C. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
 - D. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
 - E. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals, provide high-level direction for sourcing, and use of IT resources.
 - F. Ensuring proper balance of IT investments for sustaining growth and becoming aware about exposure towards IT risks and controls.

7. HR Sub-Committee

- A. To formulate and advise the Company to design, develop and implement compensation package and review of its implementation;
- B. To formulate, review and revise the Policy on Human Resource Management (Recruitment, Progression and Exit);
- C. To monitor and review on need basis, various factors/risks associated with Staff Manual and Company's attrition rate.

The other details of the Committee are as follows:

1. Audit Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Niraj Kumar Verma	2020 to 2022	Chairman & Nominee Director	5	1 (applicable only1)	Nil
2	T Ramesh	2022	Chairman & Nominee Director	5	3 (applicable only 4)	Nil
3	Dr. Deepali Pant Joshi	2021	Independent Director	5	5	Nil
4	K Udaya Bhaskara Reddy	2021	Independent Director	5	5	Nil
5	Ajay Kumar Kapur	2021	Independent Director	5	5	Nil
6	Sindhu K A	2021	Nominee Director	5	2	Nil

2. Nomination & Remuneration Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	S V Ranganath	2021	Chairman & Independent Director	3	3	Nil
2	Niraj Kumar Verma	2020 to 2022	Nominee Director	3	1 (applicable only 1)	Nil
3	Dr. Deepali Pant Joshi	2022	Independent Director	3	2 (applicable only 2)	Nil
4	Manoj Kumar Sharma	2019	Independent Director	3	2	Nil
5	T Ramesh	2021	Nominee Director	3	3	Nil

3. CSR Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	S V Ranganath	2021	Chairman & Independent Director	2	2	Nil
2	Dr. Deepali Pant Joshi	2021	Independent Director	2	2	Nil
3	Jiji Mammen	2020 to 2022	Managing Director	2	1 (applicable only 1)	1
4	Dr. Diwakar Hegde	2022	Managing Director	2	1 (applicable only 1)	Nil

4. Risk Management Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Niraj Kumar Verma	2020 to 2022	Chairman & Nominee Director	4	1 (applicable only 1)	Nil
2	T Ramesh	2022	Chairman & Nominee Director	4	2 (applicable only 3)	Nil
3	Dr. Deepali Pant Joshi	2022	Independent Director	4	3 (applicable only 3)	Nil
4	K Udaya Bhaskara Reddy	2021	Independent Director	4	4	Nil
5	Sreenivasa Rao B	2019 to 2023	Nominee Director	4	1 (applicable only 3)	Nil
6	Manoj Kumar Sharma	2021	Independent Director	4	2	Nil
7	Sanjay Kumar	2022	Nominee Director	4	1 (applicable only 1)	1
8	Jiji Mammen	2020	Managing Director	4	1 (applicable only 1)	1
9	Dr. Diwakar Hegde	2022	Managing Director	4	3 (applicable only 3)	Nil

5. Loan Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	T Ramesh	2022	Chairman & Nominee Director	1	1	Nil
2	Sreenivasa Rai B	2019 to 2022	Nominee Director	1	Nil	Nil
3	Ajay Kumar Kapur	2021	Independent Director	1	1	Nil
4	Sindhu K A	2021	Nominee Director	1	Nil	Nil
5	Dr. Diwakar Hegde	2022	Managing Director	1	1	Nil

6. IT Strategy Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ajay Kumar Kapur	2021	Chairman & Independent Director	2	2	Nil
2	Manoj Kumar Sharma	2021	Independent Director	2	1	Nil
3	K Radhakrishnan	2019	Chief Technology Officer	2	2	Nil
4	Adeeshaya D	2022	Chief Information Officer	2	2	Nil
5	Dr. Diwakar Hegde	2022	Managing Director	2	2	Nil

7. HR Sub-Committee

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Dr Deepali Pant Joshi	2021	Chairman & Independent Director	2	2	Nil
2	Manoj Kumar Sharma	2021	Independent Director	2	2	Nil
3	Niraj Kumar Verma	2021 to 2022	Nominee Director	2	1 (applicable only 1)	Nil
4	T Ramesh	2022	Nominee Director	2	1 (applicable only 1)	Nil
5	Sanjay Kumar	2022	Nominee Director	2	1 (applicable only 1)	1
6	Jiji Mammen	2021 to 2022	Managing Director	2	1 (applicable only 1)	1
7	Dr. Diwakar Hegde	2022	Managing Director	2	1 (applicable only 1)	Nil

3) General Meetings

The details related to date, place and special resolutions passed at the Annual General Meeting are as follows:

Sl. No.	Name of Director	Date & Place	Special resolutions passed
1	S V Ranganath	23.09.2022 Virtual Mode - Deemed Place was Registered Office of NABFINS Ltd.	One (1) - Appointment of Dr. Diwakar Hegde as Managing Director & Key Managerial Personnel of the Company with effect from June 01, 2022
2	Dr. Deepali Pant Joshi		
3	K Udaya Bhaskara Reddy		
4	Ajay Kumar Kapur		
5	Manoj Kumar Sharma		
6	Niraj Kumar Verma		
7	T Ramesh		
8	Dr. Diwakar Hegde		

4) Details of non-compliance with requirements of Companies Act, 2013

The Company is in compliance to the Companies Acts requirement including the Accounting and Secretarial Standard.

5) Details of penalties and strictures

There are no penalties imposed by The Reserve Bank of India.

6) Divergence in Asset Classification and Provisioning

There were no divergence to the Asset Classification Provisioning Norms accordingly furnishing information on Additional NPA or Provisioning does not arise

NOTE NO 71

COMPARATIVES

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

For and on behalf of The Board of Directors of NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place : Bengaluru
Date : April 29, 2023

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, 2023

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	1,76,266.17	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	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL
	(c) Other public deposits	NIL
	* 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	2,20,502.96

(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	2,13,375.65	2,13,375.65
TOTAL		2,13,375.65	2,13,375.65

(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	₹7,342.93	
	(ii) Net Non-Performing Assets	NIL	
	(a) Related parties	NIL	
	(b) Other than related parties	₹769.89	
	(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.

For and on behalf of The Board of Directors of NABFINS LIMITED

S V RANGANATH
CHAIRMAN
DIN: 00323799

DR. DIWAKAR HEGDE
MANAGING DIRECTOR
DIN : 09611961

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

JAYASHEELAN A
CHIEF FINANCIAL OFFICER
PAN: ANEPJ2655F

SUMATI SHARMA
COMPANY SECRETARY
M.NO. A51019

S.RAJAGOPALAN
PARTNER
M.No. :025349

Place : Bengaluru
Date : April 29, 2023

GIVING BACK TO COMMUNITY

NABFINS is committed to Corporate Social Responsibility (CSR) and sustainability initiatives and interventions beyond its business. It believes in making lasting impact towards creating an equitable and sustainable society. The Company has been involved with social initiatives in various activities in the field of health, hygiene, education, skill development etc.

As per the provisions of Section 135 of the Companies Act, 2013, the Company committed of ₹95.23 lakh following a women centric approach and with focus on Health, Hygiene, Sanitation, Education and Skill Development. 9 projects worth ₹98.40 lakh are sanctioned for the financial year, thereby exceeding the budget by ₹3.17 lakh.

Details of the Projects are as follows:-

- i) An amount of ₹15.00 lakh sanctioned to Sulabh International for construction of School Toilet in Raichur District of Karnataka.
- ii) An amount of ₹5.00 lakh sanctioned to KVVKT, Balesar, Siddapur for construction of Meeting hall at its office premises;
- iii) An amount of ₹5.00 lakh sanctioned to IRIDS, Karnataka for extending financial support for conducting Tailoring and Embroidery Training Programme for Adolescent Girls and Women at Magadi Tq, Ramanagara District;
- iv) An amount of ₹10.00 lakh sanctioned to 'The Academy of Magical Sciences', Trivandrum, Kerala for financial support for its Programme viz., 'Sammohan – All India National Festival for Children with disabilities';
- v) An amount of ₹12.09 lakh sanctioned for installation of Incinerator for Girls students in 50 Schools of Namakkal District of Tamil Nadu;
- vi) An amount of ₹4.84 lakh sanctioned to Kulumai Federation Trust, Dharmathupatti Dindigul, Tamil Nadu towards income generation training on tailoring and embroidery to the Rural Women for their empowerment;
- vii) An amount of ₹ 11.46 lakh to M/s. Samabhavana NGO, towards establishment of 'Mini Science Centre' in 1 school each of Chamarajnagar & Chitradurga Districts of Karnataka;
- viii) An amount of ₹20.00 lakh to M/s. Nabfoundation, towards financial assistance for its project named "Nirmal Jal" regarding installation of RO-UV water filtration plant in Wardha district, Vidarbha, Maharashtra;
- ix) An amount of ₹15.00 lakh to University Law College, Bangalore University, Bengaluru, towards the construction of Ladies Common Room with toilet and other facilities at University Campus, Bangalore;





EXPANDING OUR FOOTPRINTS



Srirangam, Tamil Nadu



Rayagada, Odisha



Brahmapuri, Maharashtra



Pathanamthitta, Kerala



Parbatsar, Rajasthan



Bidhannagar, West Bengal



Nexalbari, West Bengal



Deogarh, Rajasthan



Chatra, Jharkhand



Baliguda, Odisha



Chatra, Jharkhand



Belacoba, Jalpaiguri, West Bengal



Makarpura, Gujarat



Borsad, Gujarat

EXPANDING OUR FOOTPRINTS



Pathanamthitta, Kerala



Jalpaiguri, West Bengal



Godunda, Rajasthan



Naxsalbari, West Bengal



Digapahandi, Odisha



Borsad, Gujarat



Tirunelveli, Tamil Nadu



K R Nagar, Karnataka



Makarpura, Gujarat



Limkheda, Gujarat



Kudal, Maharashtra



Devdurga, Karnataka



Belacoba, Jalpaiguri, West Bengal

TALES OF SUCCESS

1. Self Help Group graduating to Microenterprise with NABFINS' support [Vinayaga SHG, Tirupattur, Tamil Nadu]

Vinayaga Self Help Group comprises of 12 women, located in Oosinattan Vattam Jolarpet Taluk of Tirupattur District in Tamil Nadu. All the members of the group belong to the backward communities. The members are illiterate and due to very low income, they were not able to get the financial support required to undertake economic activities. However, they had abilities to grow against the adversity faced by them. These strong determined women started small business of manufacturing and selling Phenyl at Oosinattan Vattam village which is also near to Yelagiri Hill, a prominent tourist attraction. The members started this business from a limited capital drawn from monthly savings of the group. The members were contributing ₹200/- each as monthly savings in the SHG from their daily wages and marginal income from agricultural activities. The group was in dire need of additional capital to expand their business when NABFINS intervened with its support with a small loan of ₹2,20,000/- in September 2016.



NABFINS continued its support to the group to expand and scale-up their business through timely and affordable credit to the group. The group availed their third loan of ₹6,00,000/- in September 2022 and has now started manufacturing variety of Phenyls and other products and has also established a small godown. This small business which otherwise started as a leisure time activity for the members has now become an important source of regular income for supporting their families. They are now supplying their products regularly to hospitals, offices, schools and colleges and generating an additional profit of ₹20,000/- to ₹25,000/- monthly. The members of Vinayaga SHG have now become pillars for growth and sustenance for the rest of their family.

2. How micro-credit from NABFINS helped to check migration and promoted sustainable and diversified livelihood among nomadic tribes.

[Huligemmadevi Mahila JLG, Kopal, Karnataka]

Yamanava hails from Jinnapur Tanda village of Koppal and belongs to 'Lambani' nomadic tribal community. Like other fellow community members, her family was also earning their livelihood only through 8 to 10 months long migration every year. Other than this, she neither owned any land nor had any other source of income to



survive. Many financial institutions including banks were reluctant to support the family. NABFINS with one of its B&DC partners decided to support vulnerable population belonging to this community for their sustenance and livelihood and started promoting Joint-Liability Groups in the village.

Yamanavva is a member of Huligemmadevi Mahila JLG supported by NABFINS in the area. She received her first loan of ₹30,000/- from NABFINS in March 2021 and invested for sheep rearing and gradually repaid it. She has now availed second loan of ₹50,000/- and purchased a cow. She is very grateful to NABFINS for the support extended, especially when no other financial institution came forward for her support and helped the community in overcoming migration and sustaining their livelihood



3. Self-reliance through Sericulture [Sakthi Mahalir Munnetra Sangam, Villupuram, Tamil Nadu]

Sakthi Mahalir Munnetra Sangam is a Self-Help Group comprising of 15 members located in Kozhipattu village of Villupuram district in Tamil Nadu. Sericulture is a major source of the livelihood and the members of the group were involved in production of Cocoons and selling it in the local market. As the members were able to generate substantial income through this activity, they wanted to increase the production for expansion of business activity and therefore came together to form a SHG. The group approached NABFINS with their proposal to receive credit support to meet their capital requirement and was extended first loan of ₹200,000/- in July 2013.

With the help of timely and consistent credit support from NABFINS, the group continued their efforts to achieve growth and scale in production. The group received 5th loan of ₹13,65,000/- in February 2022 to set-up a post-cocoon processing unit in the village. Timely and consistent credit support from NABFINS has not only helped the SHGs to graduate up in silk value chain but also to increase the quality in the product to gain more advantage and value for their product in the market.



4. **Hard work and Self-confidence earned success** **[Sanjukta Kabi, Jaleswar, Odisha]**

Mrs. Sanjukta Kabi is a resident of Jaleswar, a small town located in Balasore district of Odisha. Her family was dependent on her husband's income which was not sufficient to make both ends meet. The pandemic also posed challenges to her and forced her to explore alternate avenues of income. Sanjukta decided to undertake mushroom production and approached NABFINS for the credit support. She availed her first loan of 30,000/- in April 2021 to start the production. As a result of hard work she could earn additional income and repaid the loan successfully. Gradually her husband also started supporting in marketing and sale of the produce and thus the business started growing. In October 2022 she again availed 2nd loan of ₹50,000/- to increase the production. She now employs 4-5 women from her locality to support in her day-to-day operations. She feels obliged to NABFINS for showing faith and supporting in tough time, especially after lockdown when others were skeptical about future plans and reluctant to support. She is an inspiration to many such women in the area who want to become self-reliant and successful.



5. **Weaving future with Kosha with Credit support from NABFINS** **[Bhuneswari Dewangan, Jangir-Champa, Chhattisgarh]**

The word 'Kosa' is derived from the Sanskrit word meaning silk. Kosha (Tussar) Silk is the finest silk drawn from the Cocoons grown on the Saja, Arjun and Sal trees. This silk is in great demand for weaving traditional sarees and kurtas due to its softness, shine and elegance. Production of Kosa silk is the main livelihood for many of the tribal women belonging to the Dewangan community residing in remote villages of Janjgir-Champa, Korba, Bilaspur districts of Chhattisgarh.

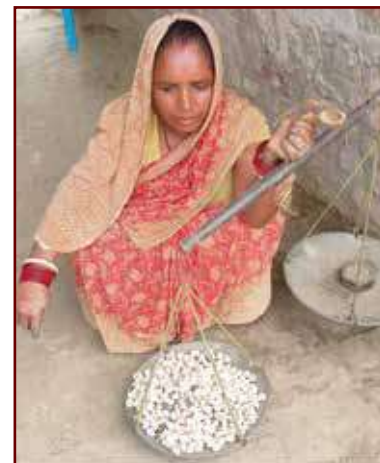
Bhuneswari Dewangan, is one among those women residing at Kurda village of Janjgir Champa district who are engaged in Kosa Silk production. Her husband was a migrant labour and was going outside the state to work as daily wage labourer to earn and support his family. As she came to know about the doorstep services provided by the Company, Bhuneswari approached NABFINS to seek the financial support to



undertake the activity and received her first loan of ₹30,000/- in February 2022. She purchased a second-hand "Kosha Saree weaving machine" to start weaving silk. She is now able to earn an additional amount of ₹10,000/- to ₹12,000/- per month after repayment of loan installment and is successfully running her Kosha saree weaving unit. Her husband also stopped going out and started supporting her wife in the saree weaving activity. Bhuneswari is now leading a happy and dignified life enhancing her weaving skills with support from NABFINS.

6. Cultivating the seeds of Health and Happiness [Munni Devi, Purnia, Bihar]

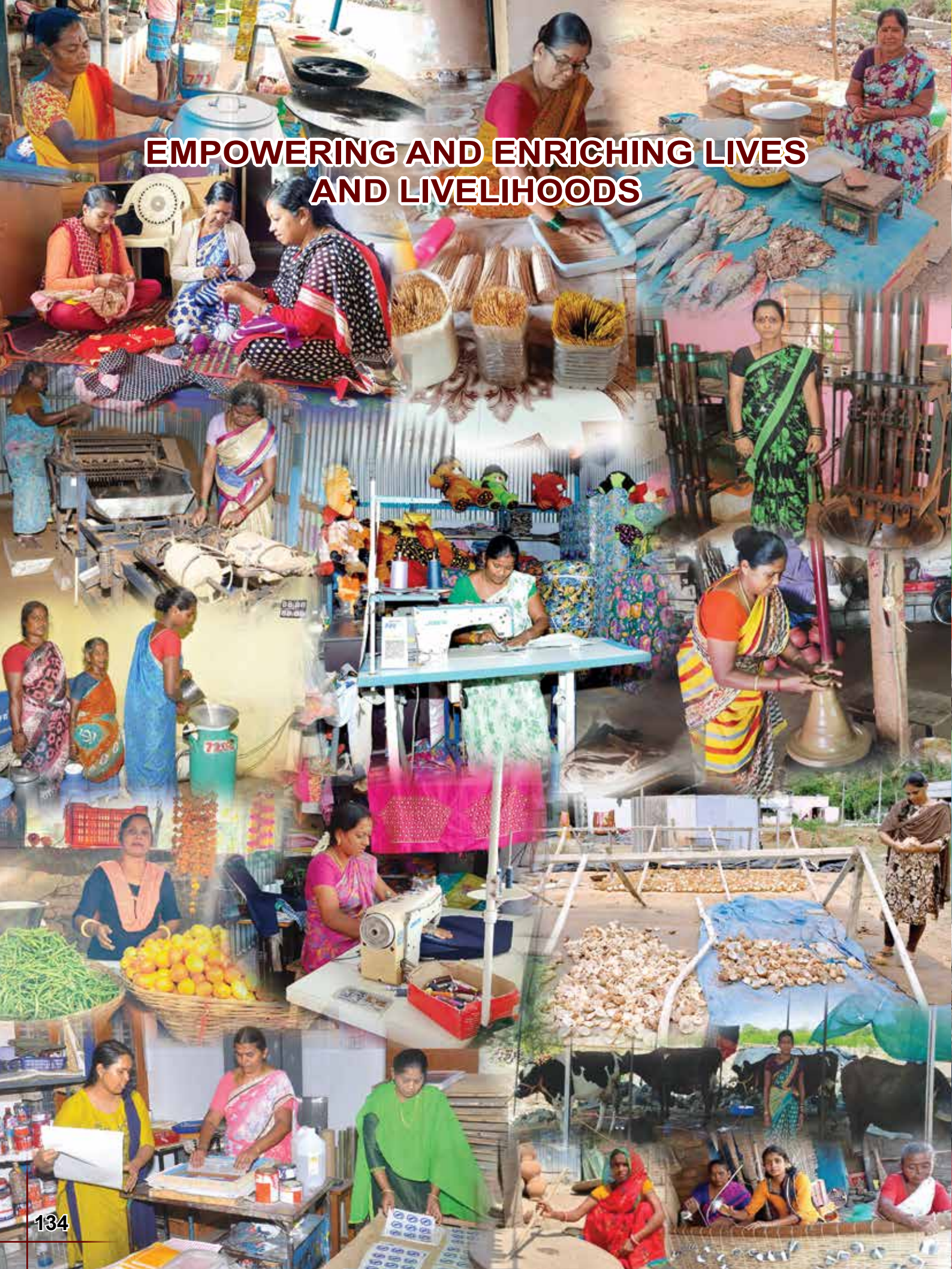
'Makhana' also known as Fox-nut or Lotus seeds, is a major agriculture produce of North Bihar and the state produces more than 80% of Makhana globally. The demand for this superfood has increased rapidly both in domestic and international markets owing to its high nutritional value and health benefits. Cultivation and processing of Makhana is supporting the livelihood of lakhs of resource poor farmers in northern Bihar, especially in Darbhanga, Sitamarhi, Madhubani, Saharsa, Supaul, Araria, Kishanganj, Purnia and Katihar districts. The primary processing is run as a household enterprise for thousands of farm families largely present in these districts. They purchase seeds from producers or take it from local wholesalers and process it on contract basis. Due to lack of access to credit from formal sources, the Makhana growers take money from private money lenders or local wholesalers in advance at higher monthly interest rate of 3-5% leading to their exploitation and low earnings in the Value Chain.



Munni Devi is one among such marginal growers residing in Belouri village in Purnia district of Bihar engaged in Makhana production and sales to earn her livelihood. She was also facing the challenges in access to affordable to timely credit to undertake this activity. She along with 4 other women engaged in the activity formed a Joint Liability Group and availed a credit of ₹40,000/- each from NABFINS in July 2022. Timely credit at lower cost from NABFINS has helped Munni Devi and other members of the JLG to sustain their livelihood and earn more profit. Munni Devi is one such example of NABFINS' efforts and commitment to empower marginal farmers in the value chain.



EMPOWERING AND ENRICHING LIVES AND LIVELIHOODS





**EMPOWERING AND ENRICHING LIVES
AND LIVELIHOODS**

THE YEAR GONE BY



Visit of Chairman, NABARD



Visit of Chairman, NABARD



Branch Visit - DL-Velachery



South India Conference on Financial Inclusion Sa-Dhan



Women's Day Celebration in Field



Visit to BDC Partner Institution



Branch visit and Loan Disbursement - Salem



Staff Get Together Erode Region



Employee Recognition-Completion of 10 years of Service



General Health camp



Women's Day Celebration



Field visit



Khelo NABFINS-Annual Sports Event



Sa-Dhan-National Conference 2022



Gram Sabha on Vigilance Awareness



World Water Day



Regional Review Meet, West Bengal



Independence Day Celebration

THE YEAR GONE BY



International Women's Day 2023



Regional Training Programme_Ganjam Region



Walkathon - Vigilance Awareness Week



Staff Get together - West Bengal



Krishnagiri Region Staff Meet



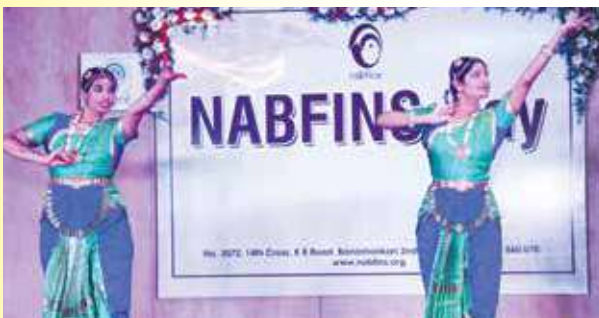
Koppal Branch Visit



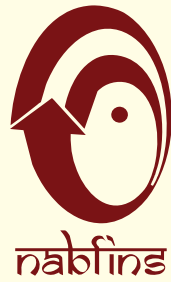
Regional Review - Bidhannagar Region, West Bengal



NABFINS Day 2022



NABFINS Day 2022



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