

**3RD ANNUAL REPORT
(2019-2020)**



IFFCO KISAN FINANCE LIMITED

IFFCO House, 34, Nehru Place,
New Delhi-110019

DIRECTORS' REPORT

To,
The Members,
IFFCO KISAN FINANCE LIMITED

Your Directors have pleasure in presenting the 03rd (Third) Annual Report on the business and operations of the Company together with Audited financial statements of your Company for the year ended 31st March, 2020.

Your Company was incorporated in December, 2017 as a wholly owned subsidiary of IFFCO Kisan Sanchar Limited, which is a subsidiary of Indian Farmers Fertiliser Cooperative Limited (IFFCO) and obtained Certificate of Registration (CoR) from the Reserve Bank of India (RBI) on 11th June, 2018 for carrying out activities of Non-Banking Financial Institution and provide multiple financing options to the rural customers. In order to meet the growing business needs, it was felt desirable to increase the Company's share capital by way of infusion of equity, majorly from IFFCO and Star Global Resources Limited resulting in change of control from IFFCO Kisan Sanchar Limited to IFFCO. RBI granted its prior approval for the change of control vide its letter dated 2nd November, 2018.

Your company raised the Equity upto Rs 150 Cr during the Financial Year 2018-19, including 9.9% from ICICI Bank. In order to further strengthen the capital structure of the Company, the Company has inducted NH Capital Co., Ltd, owned by the reputed NH Financial Group (NHFG) from South Korea, as 25% shareholder. NHFG, like IFFCO, has its roots in the co-operative sector in South Korea and has risen to a prominent position in the South Korean financial sector. Your directors are confident of benefitting from their association in the overall interest of the company. The total share capital of the company, including share premium, stood at Rs 243 Cr as on 31st March, 2020.

With a view to demonstrate visible ownership and provide comfort to the customers and other stakeholders, the name of the Company was changed from Kisan Rural Finance Limited to IFFCO Kisan Finance Limited w.e.f 06th January, 2020 with the consent of IFFCO and after due approval from Reserve Bank of India.

Financial and Operational Highlights

As per Master Direction-Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, updated on 17th February 2020, your Company is an Investment and Credit Company (NBFC-ICC). At present, the company is operating in the rural areas of Uttar Pradesh, Madhya Pradesh, Rajasthan and Bihar. During the year 2019-20, your Company disbursed retail loans to borrowers amounting to Rs. 408 Cr. The highlights of the Company's financial performance in the Financial Year 2019-2020 are given below:

(All amounts in Rs Lacs)

Particulars	2019-20	2018-19
Gross Revenue from Operations	5695.60	685.59
Other Income	130.32	63.57
Total Income	5825.92	749.16
Total Expenses	5187.86	1315.26
Profit/Loss before tax	638.06	(566.10)

Income Tax - Current Year	166.82	-
Deferred Tax	(102.54)	-
Profit for the year	573.78	(566.10)
Earning per share (equity shares, par value INR 10 each) in INR	0.38	(1.45)

The company registered a year-on-year growth of 186% in disbursements. The disbursements during the Financial Year 2019-20 amounted to Rs 40775 Lacs as compared to Rs 14259 Lacs in the Financial Year 2018-19 where the company had less than a year to operate after the receipt of CoR from RBI. The period under review was the first full year of operations for the company. In this period, the Company earned a total income of Rs 5826 Lacs and incurred an expense of Rs 5188 Lacs, thereby making a net profit before taxes of Rs 638 Lacs. The expenses incurred primarily consist of finance cost of Rs 1872 Lacs, employee costs of Rs 1414 Lacs, other operating expenses of Rs 1577 Lacs, provisions of Rs 254 Lacs and depreciation of Rs 70 Lacs. The operating expenses include Rs 161 Lacs paid as fee to Registrar of Companies as fee for increase in authorized capital.

The Company intends to be a pioneer on several fronts in the NBFC industry. It will remain largely focused on rural markets, leveraging on the core strength, i.e. the deep farmer connect and goodwill that IFFCO has generated through several decades of fair and ethical dealings with farmers. The Company carries out credit appraisals through face to face interaction with the borrowers. It relies heavily on a robust IT infrastructure and all the processes including documentation are paperless. Based on its performance and quality of service, your company is confident of generating a good name for itself in the rural markets. It remains focused on healthy growth of its business in a carefully calibrated manner and is hopeful of delivering improved performance in the years to follow.

Economic Outlook

The COVID 19 pandemic has affected the business across all industry segments in India and abroad. The extent of the impact of the business disruption is still not fully known and a clearer picture will only emerge towards Q3 of Financial Year 2021. However, agriculture and allied activities in India are expected to fare much better compared to other industry and services. The COVID 19 pandemic and the lockdowns are not expected to significantly impact the demand for foodgrains. Overall agriculture growth is expected to be resilient in the light of a good Rabi season harvest and forecast of a well distributed and normal monsoon by the Indian Meteorological Department. The forecast for July and August, 2020 which are crucial months for kharif crop is also reported as encouraging. High reservoir levels are also expected to additionally support agriculture while the hike in minimum support prices for major crops will support rural incomes.

Research reports indicate that despite a year-on-year cumulative decline in the first two months of the Financial Year 2021, tractor volume will not be significantly impacted as compared to the Financial Year 2020. Rural supply chains for tractors have been reported to have bounced back from the lockdown with more than 75% dealerships having reopened. Sustained volumes are expected to allow the manufacturers the headroom to increase discounts to stimulate volumes.

The above provides reasonable comfort that the return to normalcy of business may not be a very prolonged one for your company, other factors remaining constant. The company is closely watching the developments and is geared to face challenges that may appear.

Share Capital

To meet its future capital requirements, the Company has approved to issue Share Warrants to the existing shareholders of the company in the ratio of 1:1. Each warrant will get converted to one equity share within a period of three years in tranches as may be decided by Board from time to time. The Company has also raised its Authorised Capital from Rs 150 Cr to Rs 1000 Cr. As a matter of policy, the company intends to operate with capital adequacy ratio of 20% as against 15% prescribed by RBI.

During the Financial Year 2019-2020, the Company has issued and allotted to NH Capital Co., Ltd. by way of private placement, 5,00,00,001 equity shares of face value of Rs. 10 each at a premium of Rs. 8/- per share amounting to Rs. 90,00,00,018 (Rs Ninety Crores Eighteen only) on 19th March, 2020, constituting 25% of the paid up capital of the Company.

Resources & Liquidity

In spite of developments adversely affecting the availability of funds to NBFCs after default in loan repayments by some major NBFCs, your company was able to access funds from Banks due to support extended by IFFCO. All interest and principal repayments are being done on time by the company and liquidity position is being closely monitored to ensure there is no stress on the company's ability to meet its repayment obligations. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

Dividend

The directors have not proposed any dividend for the year under review.

Deposits

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year ended 31st March, 2020. The Company shall not raise any public deposits without prior approval of the RBI, as per the conditions attached to the Certificate of Registration issued by RBI.

Changes in the Composition of the Board and Declaration by Independent Directors:

Since the Company was set up to carry out NBFC activities, it was felt appropriate to invite eminent and experienced professionals on the Board of the Company. Accordingly, the Board of Directors in their meeting held on 26th July, 2019 appointed Ms. Manju Agarwal, who has a career span of over three decades in the banking sector. Ms. Agarwal served as Deputy Managing Director at State Bank of India since May, 2015. She also served as Chief General Manager of Rural Business for about a year and as General Manager Retail operations in Delhi for about 18 months.

Pursuant to the Amended and Restated Shareholder's Agreement executed on 27th February, 2019, Mr. Avijit Saha, a representative of ICICI Bank Limited was appointed as a Nominee Director on the Board of the Company w.e.f. 24th April, 2019 and Mr. Manish Gupta, Director (Strategy & Joint Ventures) IFFCO., Mr. Yogendra Kumar, Marketing Director, IFFCO and Mr. Kamal Kumar Verma, Sr. Executive Director (Finance & Accounts) IFFCO were appointed as the Nominee Directors on the Board of the Company w.e.f. 16th December, 2019.

Pursuant to the Amended and Restated Shareholder's Agreement executed on 14th January, 2020, Mr. Yogendra Kumar, representative of IFFCO resigned from the Board of Directors of the Company w.e.f. 2nd March, 2020, ICICI Bank Limited withdrew the nomination of Mr. Avijit Saha, w.e.f. 27th March, 2020 and Aurum Vriddhi Finance Private Limited withdrew the nomination of Mr. Srirang Athalye w.e.f. 21st May, 2020.

The Composition of the Board of Directors as on the date of the Report is as follows:-

Sr. No.	Name of Director	Designation
01.	Dr. Udai Shanker Awasthi	Chairman & Nominee Director
02.	Mr. Rakesh Kapur	Nominee Director
03.	Mr. P.H. Ravikumar	Independent Director
04.	Ms. Manju Agarwal	Independent Director
05.	Mr. Manish Gupta	Nominee Director
06.	Mr. Kamal Kumar Verma	Nominee Director
07.	Mr. Sandeep Malhotra	Nominee Director
08	Mr. Ranjan Sharma	Managing Director

The Company has received necessary declarations from the Independent Directors confirming compliance with the prescribed criteria for independence.

Changes in Key Managerial Personnel during the year as per Companies Act, 2013:-

There was no change in the Key Managerial Personnel of the Company during the year under review.

Auditors

The Company in its First Annual General Meeting has appointed M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration Number 117366W/W-100018) as the Statutory Auditors of the Company to hold office from the conclusion of First Annual General Meeting until the conclusion of 6th Annual General Meeting at a remuneration as may be determined by the Board of Directors of the Company from time to time. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

The Report given by the Auditors on the Financial Statements of the Company for the Financial Year 2019-20 is a part of the Annual Report. The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Audit

The Board of Directors of the Company has appointed M/s Amit Agrawal & Associates, Company Secretaries to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2019-20 is appended to this Report as "Annexure-1". The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Audit

Requirement of maintenance of cost records and cost audit, as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable in respect of the business activities carried out by the Company.

Statement on Compliance of Applicable Secretarial Standards

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial control with reference to the Financial Statements. The same is subject to review periodically by the internal auditors for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation has been observed.

Elaborate MIS systems covering all areas of operations/functions ensure adequate controls in decision areas while a well-defined organisation structure with clear roles/responsibilities establishes governance controls. The Company will continue to focus on data privacy and information security.

Corporate Social responsibility (CSR)

Provisions relating to section 135 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company for the Financial Year 2019-2020.

Prevention of sexual harassment at workplace

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A 'Prevention of Sexual Harassment' ("POSH") policy that is in line with the statutory requirement, along with a structured reporting and redressal mechanism is in place. The POSH Policy is displayed on the Company's notice board and is also communicated to employees through e-mails. Posters on the POSH policy, giving contact details of POSH Committee members, are displayed in the Company's branch offices across the country. There is also a dedicated e-mail, for employees to communicate, in strict confidence, directly with the Members of the POSH Committee. During the year, the Company received no complaints under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Meetings of Board of Directors

The Board meets at regular intervals to discuss and decide on Company's/business policy and strategy apart from other Board business. The Board Meetings are pre-scheduled and agenda for the same is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings.

The Board of Directors met 7 (Seven) times during the Financial Year ended on 31st March, 2020. The dates on which the meetings were held are as follows:

S.NO.	TYPES OF MEETING	DATE OF MEETING
1	Board Meeting	02 nd April, 2019

2	Board Meeting	24 th April, 2019
3	Board Meeting	04 th June, 2019
4	Board Meeting	26 th July, 2019
5	Board Meeting	03 rd October, 2019
6	Board Meeting	16 th December, 2019
7	Board Meeting	03 rd March, 2020

Details of attendance of Directors in the Board meetings:

Sr. No.	Name of Director	Type of Meeting	Total No. Of Meetings Held during tenure	Meeting Attended
1	Dr. Udai Shanker Awasthi	Board Meeting	7	6
2	Mr. Rakesh Kapur	Board Meeting	7	4
3	Mr. Ranjan Sharma	Board Meeting	7	7
4	Mr. Sandeep Malhotra	Board Meeting	7	7
5	Mr. P. H. Ravikumar	Board Meeting	7	6
6	Ms. Manju Agarwal	Board Meeting	3	3
7	Mr. Manish Gupta	Board Meeting	2	1
8	Mr. Kamal Kumar Verma	Board Meeting	2	2

Committees

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities in accordance with the requirements of the applicable provisions of the Companies Act, 2013.

The Board has established the following committees:

Audit Committee:

Section 177 relating to constitution of Audit Committee of the Board of Directors of the Company became applicable on the Company only after the audited balance sheet for the Financial Year 2018-2019 was approved by the Board on 04th June, 2019 and adopted by the shareholders on 26th July, 2019. Accordingly, the Company at the 18th Meeting of the Board of Director held on 16th December, 2019 constituted the Audit Committee of the Board of Directors of the Company.

In terms of Section 177 of the Act 2013, the Audit Committee should consist of minimum of three members, with majority of independent directors. All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

The following directors are the members of Audit Committee of the Company as on the date of this Report:

1. Mr. P. H. Ravikumar, Chairman & Independent Director
2. Ms. Manju Agarwal, Independent Director
3. Mr. Kamal Kumar Verma, Non-Executive Non-Independent Director.

During the year under review, the committee met once on 3rd March, 2020.

Nomination and Remuneration Committee:

Section 178 relating to constitution of Nomination & Remuneration Committee of the Board of Directors of the Company became applicable on the Company only after the audited balance sheet for the Financial Year 2018-2019 was approved by the Board on 04th June, 2019 and adopted by the shareholders on 26th July, 2019. Accordingly, the Company at the 18th Meeting of the Board of Director held on 16th December, 2019 constituted the Nomination & Remuneration Committee of the Board of Directors of the Company.

In terms of Section 178 of the Act 2013, the Nomination and Remuneration Committee should consist of minimum of three members, of which not less than one-half shall be independent directors.

The following are the members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Ms. Manju Agarwal, Chairman & Independent Director
2. Mr. P. H. Ravikumar, Independent Director
3. Mr. Rakesh Kaupur, Non-Executive Non-Independent Director
4. Mr. Manish Gupta, Non-Executive Non-Independent Director

During the Financial Year 2019-2020, provisions of Section 135 relating to constitution of Corporate Social Responsibility Committee were not applicable on the Company.

Further, the Board at its meeting held on 01st August, 2018 constituted a committee of Directors (CoD) comprising of Mr. Ranjan Sharma, Managing Director and Shri Sandeep Malhotra, Director of the Company for the purpose of allotment of shares and completion of other necessary actions relating to said allotments. Members of this Committee had met once during the Financial Year 2019-20 on 19th March, 2020.

Subsidiary, Joint Venture and Associate Company

The Company has no subsidiary or joint venture or associate company as on 31st March, 2020, therefore no information is required to be furnished.

Directors Responsibility Statement

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- b. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 as at 31st March, 2020 and of its Profit for the year ended on that date;
- c. They have taken proper and sufficient care to the best of their knowledge and ability 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; and

- d. They have prepared the annual accounts for the year ended 31st March, 2020 on a 'going concern' basis; and
- e. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments Made Under Section 186 of The Companies Act, 2013

The Company has not made any Investment, given any guarantee and securities during the year under review as per section 186 of Companies Act, 2013.

Extract of Annual Return

Extract of Annual return in form MGT -9 as required u/s 92 of the Companies Act 2013 for the Financial Year ending 31st March, 2020, forms a part of the Board's Report, is enclosed as **Annexure-2**.

Disclosures of amounts, if any, transfer to any reserves

Pursuant to Section 45-IC of the RBI Act,1934 every non-banking financial company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The Company has transferred Rs. 114.75 Lacs in special reserve.

Material Changes and Commitment if any affecting the financial position of the Company occurred between end of the Financial Year to which the financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the company occurred between the end of the Financial Year to which this financial statement relates and the date of this report except the following:

1. On 04th June, 2020, the Company has secured additional long term loan of Rs. 100 crore from Bank of Baroda.
2. On 04th June, 2020, the Company has secured long term loan of Rs. 100 crore from West Bengal State Co-operative Bank Limited.

Loan Agreements in respect of the above sanctions will be entered into as and when the funds are required to meet the business requirements.

ADHERENCE TO RBI NORMS AND STANDARDS

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 49.16% which is well above the prescribed minimum of 15% by RBI.

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on past experience and emerging trends.

The Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the finance system. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Credit policies as approved by the Board of Directors.

Conservation of energy, technology absorption and foreign exchange earnings outgo

A. CONSERVATION OF ENERGY

The Disclosure of particulars with respect to conservation of energy pursuant to Section 134(3)(m) of the Companies Act, 2013.

The operations of the Company, being Financial Services related, require normal consumption of electricity. The Company has made best efforts and adopted all relevant measures for conservation of the Company.

B. TECHNOLOGY ABSORPTION

Given the nature of the activities of the Company, the points regarding technology absorption, adoption or innovation is not applicable to the Company.

C. FOREIGN EXCHANGE EARNING AND OUTGO

The foreign exchange earnings and outgo during the year as follows:-

Foreign Exchange Earning	NIL
Foreign Exchange Outgo	NIL

Risk Management Policy

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes the Board and Senior Management Committees. The Risk Management process is governed primarily by the Credit policy and Asset Liability Management (ALM) Policy. Rural Financing covers Customer Risk, Channel Risk, Assets Risk, Weather Risk, Operational Risk and Other Risks.

Details of Significant Material Orders Passed by The Regulators/Courts/Tribunal Impacting the Going Concern Status and Company's Operation in Future

The Company has changed its name from Kisan Rural Finance Limited to IFFCO Kisan Finance Limited and obtained Certificate of Incorporation pursuant to change of name of the Company w.e.f. 06th January, 2020. RBI, vide its letter dated 21st October, 2019 had also accorded their no objection to the change in name of the Company and also subsequently issued a new CoR No. N-14.03423 dated 13th March, 2020.

Particulars of Contracts or Arrangements made with Related Parties pursuant to Section 188 of the Companies Act, 2013

All contracts or arrangements with related parties, entered into or modified during the Financial Year, were on arm's length basis and in the ordinary course of business. In terms of section 188 of Companies Act, 2013 read with rules framed thereunder, Contracts or arrangements with related parties entered into during the year under review were approved by Audit Committee of the Board of Directors of the Company. In terms of Section 134 of the Companies Act, 2013 read with rules made thereunder such transactions are being reported in Form AOC-2 (enclosed as **Annexure-3**).

Particulars of Employees related disclosures

The Company has instituted an "Employee Stock Option Scheme (ESOPs) for eligible employees of the Company and its holding and subsidiary companies. The Board of Directors recommended the establishment of the ESOPs scheme to the shareholders and the shareholders approved the recommendation of the Board of Directors on 15th April 2019. The Nomination and Remuneration Committee of the Company administers the scheme. The scheme provides for grant of options to the employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period of time.

During the Financial Year 2019-2020 the Company has granted 10,75,000 options to certain key employees of the Company at a price of Rs. 12/- per share.

Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee (NRC) of the Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation. Pursuant to the provisions of the Act and based on policy devised by the NRC, the Board has carried out an annual performance evaluation of its own performance, its committees and individual directors. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board and information provided to the Board, etc.

The performance of the committees was evaluated by the Board of Directors based on inputs received from all the committee members after considering criteria such as composition and structure of committees, effectiveness of committee meetings, etc. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated. The Evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman of the Board was carried out by the Independent Directors of the Company.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director.

Acknowledgments

Your directors would like to express their sincere appreciation for the assistance and cooperation received from the RBI, Registrar of Companies and other government and regulatory agencies, the holding enterprise, promoters, customers, bankers, lenders, vendors and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of the commitment, commendable efforts, team work and professionalism of all the employees of the Company.


Your Directors appreciate and value the trust imposed upon them by the members of the Company.

The relations between the management and the staff were cordial during the period under review.

BY ORDER OF THE BOARD OF DIRECTORS
FOR IFFCO KISAN FINANCE LIMITED



Kamal Kumar Verma
Director
DIN: 06779418



Ranjan Sharma
Managing Director
DIN: 00425415

Date: 16.07.2020
Place: New Delhi



AMIT AGRAWAL & ASSOCIATES
(Company Secretaries)

Annexure-1

H-63, Vijay Chowk,
Laxmi Nagar, Delhi-110092
Phone No. 011-22024525
E-mailed.: amitags@gmail.com

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020
[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,
IFFCO Kisan Finance Limited
(Formerly Known as Kisan Rural Finance Limited)
IFFCO House, 34, Nehru Place
New Delhi-110019

We have conducted the Secretarial Audit of the Compliance of applicable Statutory provisions and the adherence to good corporate practices by **M/s. IFFCO Kisan Finance Limited** (Formerly Known as Kisan Rural Finance Limited) (hereinafter called the Company) having its Registered office at IFFCO House, 34, Nehru Place, New Delhi-110019, India. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/Statutory compliances and expressing my opinion thereon.

Based on our verification of **M/s. IFFCO Kisan Finance Limited**, Books, Papers, Minute books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the Audit period covering the financial year ended on **31st March, 2020** complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute books, forms and returns filed and other records maintained by **M/s. IFFCO Kisan Finance Limited** for the financial year ended on **31st March, 2020** 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 thereunder
- (iii) The Secretarial Standards issued by The Institute of Company Secretaries of India.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and rules and regulation made there under to the extent Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) Other laws applicable specifically to the Company namely:
 - a) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
 - b) Payment of Gratuity Act, 1972
 - c) Payment of Wages Act, 1936
 - d) Payment of Minimum Wages Act, 1948





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- e) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act), 2013
 - f) Payment of Bonus Act, 1965
 - g) Environment (Protection) Act, 1986
 - h) The Reserve Bank of India Act, 1934
 - i) Non Banking Finance Company Rule

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

However, during the period under review, provisions of the following regulations were not applicable to the Company because the Company is an unlisted Company and no comments are not required to be made in respect of these clauses:

- I. The Rules, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
- II. The Listing Agreement with any Stock Exchange.

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that the compliance by the company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period the company has provide details of specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.





AMIT AGRAWAL & ASSOCIATES
(Company Secretaries)

H-63, Vijay Chowk,
Laxmi Nagar, Delhi-110092
Phone No. 011-22024525
E-mailed.: amitages@gmail.com

I further report that during the audit period the company has:

- a. Changed of Name from Kisan Rural Finance Limited to IFFCO Kisan Finance Limited in the general meeting held on 16th December, 2019 and got approval from the Registrar of Companies vide certificate dated 6th January, 2020;
- b. Increased its authorized share capital from Rs. 1,50,00,00,000/- to Rs. 10,00,00,00,000/- in the general meeting held on 3rd March, 2020;
- c. Issue and Allotment of 5,00,00,001 Equity shares to NH Capital Co. Ltd., a corporation in South Korea. However, the Company is in the process of filing form FCGPR with the Reserve Bank of India for allotment of shares to foreign entity. Due to COVID 19 outbreak and the lockdown imposed across India, the Company was not able to obtain FIRC from AD Bank. The delay was duly intimated to the RBI, which in turn confirmed to waive off the late submission fee. The Company is making continuous efforts for obtaining FIRC from AD Bank.
- d. Approval of Issue of Share Warrants at Rs. 12/- each exercisable into equal number of Equity Shares to all the existing shareholders of the Company in the ratio 1:1 exercisable in one or more tranches within a period of three years in the general meeting held on 15th April, 2019.
- e. Alteration of Articles of Association of the Company;
- f. Approval and Implementation of Kisan Rural Finance Employees Stock Option Plan in the general meeting held on 15th April, 2019.

We further report that the report is issued on the basis of documents and papers provided to us by the management of the Company in the form of electronic mode. Due to COVID 19 the physical verification is not possible.

Place : Delhi
Date : 21.07.2020

For Amit Agrawal & Associates
(Company Secretaries)



CS Amit Agrawal
(Proprietor)

M. No. F5311, C.P. No. : 3647
UDIN: F005311B000481303

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U65929DL2017PLC326899
2.	Registration Date	7 th December, 2017
3.	Name of the Company	IFFCO Kisan Finance Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
5.	Address of the Registered office & contact details	IFFCO House, 34, Nehru Place, New Delhi-110019 Mr. Ranjan Sharma Phone no.: 011-46729900
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, 1 st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code Product/service	% to total turnover of the Company
1	Other financial activities	K8	97.76

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
	NIL				

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Shareholders Category	No. of Shares held at the beginning of the year w.e.f. 01.04.2019				No. of Shares held at the end of the year i.e. 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	NIL	00	00	00	00	00	00	00	00
b) Central Govt.	NIL	00	00	00	00	00	00	0	00
c) State Govt.(s)	NIL	00	00	00	00	00	00	00	00
d) Bodies Corp.	82649994	00	82649994	55.10	82649994	00	82649994	41.33	13.77
e) Banks / FI	NIL	00	00	00	00	00	00	00	00
f) Any other	NIL	6	6	0.00%	06	00	6	0.00	00
Sub-Total (A) (1):-	82650000	00	82650000	55.10	82650000	00	82650000	41.33%	13.77
(2) Foreign									
a) NRI-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-Total (A) (2) :-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	82650000	00	82650000	55.10	82650000	Nil	82650000	41.33%	13.77%
B. Public Shareholding									
1. Institutions									
Mutual Fund/UTI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Financial Institution/Bank	14850000	00	14850000	9.90%	14850000	-	14850000	7.42%	2.48%
Central/State Government	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Venture Capital Fund	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
FII	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Others Foreign Financial Institution	NIL	NIL	NIL	NIL	50000001	NIL	50000001	25%	25%
2. Non-Institutions									
a)Body Corp	52500000	00	52500000	35%	52500000	NIL	52500000	26.25%	8.75%
Total Public Shareholding (B) = (B1)+(B2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	150000000	NIL	150000000	100%	200000001	NIL	200000001	100%	NIL

ii) Shareholding of Promoter-

SN	Name of Shareholders	Shareholding at the beginning of the year, i.e. 01.04.2019			Shareholding at the end of the year, i.e. 31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IFFCO Kisan Sanchar Limited and its Nominees	10,000,000	6.67%	0	10,000,000	5.00%	0	1.67%
2	Indian Farmers Fertiliser Cooperative Limited	7,26,50,000	48.43%	Nil	7,26,50,000	36.33%	0	12.10%
	Total	8,26,50,000	55.1%	0	8,26,50,000	41.33%	0	13.77%

iii) **Change in Promoters' Shareholding (please specify, if there is no change):** There was no change in the promoters shareholding during the financial year 2019-2020.

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.		Shareholding at the beginning of the year i.e. 01.04.2019		Cumulative Shareholding during the year, up to 31.03.2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	6,73,50,000	44.90%		
2	Private Placement 19/03/2020	5,00,00,001	25%	117350001	58.68%

v) Shareholding of Directors and Key Managerial Personnel:

SN	Shri Ranjan Sharma (Managing Director)	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1	00%	1	00%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	00	00	00	00
	At the end of the year	1	00	00	00

SN 2.	Shri Sandeep Malhotra (Nominee Director)	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1	00%	1	00%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	00	00	00	00
	At the end of the year	1	00	00	00

SN 3.	Shri Manish Gupta (Nominee Director)	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1	00%	1	00%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	00	00	00	00
	At the end of the year	1	00	00	00

SN 4.	Shri Rakesh Dhasmana (CFO)	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1	00%	1	00%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	00	00	00	00
	At the end of the year	1	00	00	00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition	256.00 cr	75cr	NIL	NIL
• Reduction	14.25 cr	75cr	NIL	NIL
Net Change	241.75 cr	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	241.75 cr	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of Managing Director
		Shri Ranjan Sharma
1	Gross Salary (in Rs.)	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission - as % of profit - others, specify...	NIL
5	Others, please specify	NIL
	Total (A)	NIL

B. Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Director
	Independent Director	Shri Puranam Hayagreeva Ravikumar
(a)	Fee for attending Board / Committee Meetings (in Rs)	4,00,000
(b)	Commission	NIL
(c)	Others, please specify	NIL
	Total (in Rs.)	4,00,000

S. No.	Particulars of Remuneration	Name of Director
	Independent Director	Ms. Manju Agarwal
(a)	Fee for attending Board / Committee Meetings (in Rs)	2,00,000
(b)	Commission	NIL
(c)	Others, please specify	NIL
	Total (in Rs.)	2,00,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/ WTD:

S. No	Particulars of Remuneration	Remuneration to KMP's	
		CFO	Company Secretary
		Rakesh Dhasmana	Deepika Singh
1	Gross salary (In Rs.) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	37,56,489	5,57,308
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL
5	Others, Please specify	NIL	NIL
	Total	6,14,280	5,57,308

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					

BY ORDER OF THE BOARD OF DIRECTORS
FOR IFFCO KISAN FINANCE LIMITED

Date: 16.07.2020
Place: New Delhi



Kamal Kumar Verma
Director
DIN: 06779418



Ranjan Sharma
Managing Director
DIN: 00425415

Kisan Rural Finance Limited

FORM No. AOC – 2

[Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including arms' length transactions under third proviso thereto

1. Details of material contracts or arrangement or transactions not at arm's length basis - NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:

S. No.	Relation	Name of the Related Party
1	Holding Enterprise	Indian Farmers Fertiliser Cooperative Limited (IFFCO)
2	Fellow Subsidiary	IFFCO Kisan Sanchar Limited
3	Fellow Subsidiary	IFFCO-Tokio General Insurance Company Limited

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

S. No.	Relation	Name of the Related Party
1	Managing Director	Mr. Ranjan Sharma

(b) Nature of contracts/ arrangements/ transactions:

Loan taken, Loan repaid, Rent, Other Miscellaneous Expenses, Reimbursement of Expenses and Interest paid by the Company on loan, fee for issuance of Letter of Comfort by IFFCO and insurance arrangement.

(c) Duration of the contracts / arrangements / transactions: 2019-20

(d) Salient terms of the contacts or arrangements, or transactions including the value, if any:

Name of the Related Parties	Nature of Related party relationship	Description of Nature of Transactions	2019-20 (Amount in Rs.)
IFFCO Kisan Sanchar Limited	Fellow Subsidiary	Rent for office space utilities leased	2.41 Lakh
		Call Centre related Charges	21.90 Lakh

		Misc Expenditure	2.64 Lakh
Indian Farmers Fertiliser Cooperative Limited (IFFCO)	Holding Enterprise	Rent and maintenance for office space	9.23 Lakh
		Loan availed	75 Crores
		Loan repaid	75 Crores
		Interest on loan availed	4.83 Crores
		Fee for issuance of Letter of Comfort	65.22 Lakh
		Reimbursement of expenses	5.57 Lakh
IFFCO-Tokio General Insurance Company Limited	Fellow Subsidiary	Insurance arrangement: a) Deposit given for issuance of insurance policies	6 Crores
		b) Insurance premium adjusted against deposit (Direct Business and other)	5.89 Crores
Mr. Ranjan Sharma	Managing Director	Reimbursement of Expenses	5.35 Lakh

(e) **Date(s) of approval by the Board, if any: Rs. 25 Crore unsecured** loan availed from IFFCO was approved by the Board in its meeting held on 02nd April, 2019 and Rs. 50 Crore unsecured loan availed from IFFCO was approved by the Board in its meeting held on 26th July, 2019. The Audit Committee in its meeting held on 04th June, 2020 approved all the related party transaction entered by the Company during the FY 2019-2020.

(f) **Amount paid as advances, if any: Nil**

BY ORDER OF THE BOARD OF DIRECTORS
FOR IFFCO KISAN FINANCE LIMITED



Kamal Kumar Verma
Director
DIN: 06779418



Ranjan Sharma
Managing Director
DIN: 00425415

Date: 16.07.2020
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To The Members of IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and its cash flows 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 Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 37 to the financial statements, which fully describes that the Company has recognised provision on receivables under financing activities as per policy approved by the Board of Directors to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon. The Directors' report is expected to be made available to us after the date of this auditor's report.



- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) 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,



Deloitte Haskins & Sells LLP

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.

- h) 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:
- i. The Company does not have any pending litigations which would impact its financial position. Refer Note 28(i)(a) forming part of the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 28(ii)(d) forming part of the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. Refer Note 28(ii)(e) forming part of the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



RAJESH KUMAR AGARWAL
(Partner)
(Membership No. 105546)
(UDIN: 20105546AAAABX9041)

Place: GURUGRAM
Date: 16 July 2020

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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 **IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)** ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable



assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

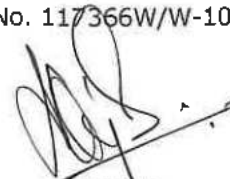
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of 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, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



RAJESH KUMAR AGARWAL
(Partner)

(Membership No. 105546)
(UDIN: 20105546AAAABX9041)

Place: GURUGRAM
Date: 16 July 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) Pursuant to Proviso (b) to Section 185(1) and Section 186(11)(a) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Meetings of the Board and its powers) Rules, 2014 the loan made, guarantee given or security provided by a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India is exempt from the applicability of provisions 185 and 186 of the Act. Hence, reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including, Provident fund, Income-tax, Goods and Services Tax, Employees' State Insurance, cess and other material statutory dues applicable to it to the appropriate authorities.

We are informed that operations of the Company during the year did not give rise to any liabilities for Customs Duty and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2020 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan from government and not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans have been applied by the Company during the year for the purposes for which they were raised.



Deloitte Haskins & Sells LLP

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made private placement of shares during the year under review.

In respect of the above issue, we further report that:

- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
 - b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
 - (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



RAJESH KUMAR AGARWAL
(Partner)
(Membership No. 105546)
(UDIN: 20105546AAAABX9041)

Place: GURUGRAM
Date: 16 July 2020

IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
BALANCE SHEET AS AT 31 MARCH 2020

	Note No.	As at 31 March 2020 (Rupees)	As at 31 March 2019 (Rupees)
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	2,00,00,00,010	1,50,00,00,000
(b) Reserves and surplus	4	42,60,73,463	(3,17,07,787)
		2,42,60,73,473	1,46,82,92,213
2. Non-current liabilities			
(a) Long-term borrowings	5	1,93,85,00,000	-
(b) Long-term provisions	6	3,43,19,570	62,14,214
		1,97,28,19,570	62,14,214
3. Current liabilities			
(a) Trade payables	7	-	-
- total outstanding dues of micro enterprises and small enterprises; and	29	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	7	7,68,18,062	2,32,35,041
(b) Other current liabilities	8	49,01,73,329	32,99,382
(c) Short-term provisions	9	31,53,027	-
		57,01,44,418	2,65,34,423
		4,96,90,37,461	1,50,10,40,850
B. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	10	1,17,64,155	85,10,672
(b) Intangible assets	10	37,23,114	64,00,748
(c) Intangible assets under development	11	2,18,750	-
(d) Long-term loans and advances	12	42,36,138	4,56,570
(e) Deferred tax assets (net)	13	1,02,54,200	-
(f) Long term receivables under financing activities	14	3,04,16,57,013	98,77,23,232
		3,07,18,53,370	1,00,30,91,222
2. Current assets			
(a) Current investments	15	11,98,07,871	-
(b) Trade receivables	16	19,67,417	-
(c) Cash and cash equivalents	17	2,47,14,837	1,29,49,681
(d) Receivables under financing activities	18	1,59,50,35,198	44,90,59,261
(e) Short-term loans and advances	19	84,47,426	30,17,968
(f) Other current assets	20	14,72,11,342	3,29,22,718
		1,89,71,84,091	49,79,49,628
		4,96,90,37,461	1,50,10,40,850

See accompanying notes forming part of the financial statements

1-38

In terms of our report attached

For and on behalf of Board of Directors

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

RAJESH KUMAR AGARWAL
Partner

Place : Gurugram

Date : **July 16, 2020**



Ranjan Sharma

Managing Director

Din No: 00425415

Place : New Delhi

Date : **July 16, 2020**

Kamal Kumar Verma

Director

Din No: 06779418

Place : New Delhi

Date : **July 16, 2020**

Rakesh Dhasmana

Chief Financial Officer

Place : New Delhi

Date : **July 16, 2020**

Deepika Singh

Company Secretary

Place : New Delhi

Date : **July 16, 2020**



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
		(Rupees)	(Rupees)
1. Revenue from operations	21	56,95,60,136	6,85,59,116
2. Other income	22	1,30,31,575	63,56,752
3. Total revenue (1+2)		58,25,91,711	7,49,15,868
4. Expenses			
(a) Employee benefits expense	23	14,14,18,654	5,48,06,871
(b) Finance costs	24	18,72,09,214	48,42,398
(c) Depreciation and amortisation expense	10	69,82,955	42,45,909
(d) Provisions and contingencies	25	2,54,26,133	55,07,723
(e) Other expenses	26	15,77,48,712	6,21,23,154
Total expenses		51,87,85,668	13,15,26,055
5. Profit/(Loss) before tax (3-4)		6,38,06,043	(5,66,10,187)
6. Tax expense:			
(a) Net current tax expense		1,66,82,291	-
(b) Deferred tax charge /(credit)	13	(84,19,847)	-
(c) Deferred tax charge /(credit) pertaining to previous year	13	(18,34,353)	-
		64,28,091	-
7. Profit/(Loss) for the year (5-6)		5,73,77,952	(5,66,10,187)
8. Earnings per Equity Share (Face value of Rs. 10 per share)			
- Basic (Face value per share INR 10)	35	0.38	(1.45)
- Diluted	35	0.19	(1.45)
See accompanying notes forming part of the financial statements	1-38		

In terms of our report attached

For and on behalf of Board of Directors

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

RAJESH KUMAR AGARWAL
Partner

Place : Gurugram

Date : *July 16, 2020*



Ranjan Sharma
Ranjan Sharma
Managing Director
Din No: 00425415
Place : New Delhi
Date : *July 16, 2020*

Kamal Kumar Verma
Kamal Kumar Verma
Director
Din No: 06779418
Place : New Delhi
Date : *July 16, 2020*

Rakesh Dhasmana
Rakesh Dhasmana
Chief Financial Officer
Place : New Delhi
Date : *July 16, 2020*

Deepika Singh
Deepika Singh
Company Secretary
Place : New Delhi
Date : *July 16, 2020*



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2020

	As at 31 March 2020	As at 31 March 2019
	(Rupees)	(Rupees)
A. Cash flow from operating activities		
Profit/(Loss) before tax	6,38,06,043	(5,66,10,187)
Adjustments for:		
Interest Income on deposit accounts with banks	-	(90,106)
Gain on redemption of mutual funds	(20,64,868)	(44,06,646)
Depreciation and amortisation expense	69,82,955	42,45,909
Share options outstanding account	4,03,290	-
Provision for loss on repossessed assets	18,89,677	-
Provision on standard assets	1,27,94,140	-
Provision for Non performing assets (More than 90 days)	1,07,42,316	-
Operating profit / (loss) before working capital changes	9,45,53,553	(5,68,61,030)
Adjustments for (increase) / decrease in operating assets:		
Long-term loans and advances	(37,79,568)	(6,38,36,362)
Receivables under financing activities	(3,19,99,09,718)	(1,40,22,86,269)
Short-term loans and advances	(54,29,458)	-
Other current assets	(11,42,88,624)	-
Trade receivables	(19,67,417)	-
Adjustments for increase / (decrease) in operating liabilities:		
Provisions	58,32,250	7,06,491
Trade payables	5,35,83,021	2,08,27,888
Other current liabilities	71,83,735	31,79,472
Cash generated / (used in) operations	(3,16,42,22,226)	(1,49,82,69,810)
Taxes paid (including Tax deducted at source) (net of refunds)	(1,66,82,291)	(51,536)
Net cash flow from operating activities (A)	(3,18,09,04,517)	(1,49,83,21,346)
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment and Intangible assets including intangible assets under development	(70,87,342)	(1,26,25,791)
Interest received on deposit accounts with banks	-	1,43,899
Investments in mutual funds	(2,43,22,17,913)	-
Proceeds from redemption of mutual funds	2,31,44,74,910	44,06,647
Proceeds from redemption of fixed deposits	-	2,02,00,000
Net cash flow from investing activities (B)	(12,48,30,345)	1,21,24,755
B. Cash flow from financing activities		
Proceeds from issue of equity shares including Securities premium	90,00,00,018	1,49,97,00,000
Proceeds from borrowing	3,31,00,00,000	53,15,00,000
Repayment of borrowings	(14,25,00,000)	(53,35,78,840)
Repayment of borrowings to related party	(75,00,00,000)	-
Net cash flow from financing activities (C)	3,31,75,00,018	1,49,76,21,160
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	1,17,65,156	1,14,24,569
Cash and cash equivalents at the beginning of the year	1,29,49,681	15,25,112
Cash and cash equivalents at the end of the year	2,47,14,837	1,29,49,681

See accompanying notes forming part of the financial statements

1-38

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

RAJESH KUMAR AGARWAL
Partner

Place : Gurugram

Date : *July 16, 2020*



For and on behalf of Board of Directors

Ranjan Sharma
Ranjan Sharma
Managing Director

Din No: 00425415
Place : New Delhi

Date : *July 16, 2020*

Kamal Kumar Verma
Kamal Kumar Verma
Director

Din No: 06779418
Place : New Delhi

Date : *July 16, 2020*

Rakesh Dhasmana
Rakesh Dhasmana
Chief Financial Officer

Place : New Delhi

Date : *July 16, 2020*

Deepika Singh
Deepika Singh
Company Secretary

Place : New Delhi

Date : *July 16, 2020*



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 March 2020

1 Corporate information

IFFCO Kisan Finance Limited (formerly known as Kisan Rural Finance Limited till 05 January 2020) ("Company") is a subsidiary of Indian Farmers Fertiliser Cooperative Limited (IFFCO), a Cooperative Society registered under the Multi State Co-Operative Societies Act, 2002, by virtue of control. The Company was incorporated on 07 December 2017 vide Registration No. U65929DL2017PLC326899 under the Companies Act, 2013. The registered office of the Company is situated at IFFCO House, 34, Nehru Place, New Delhi - 110019, India. The Company is Non-government Company limited by shares. The Company is registered as Non-Banking financial (Non deposit accepting) Company with the Reserve Bank of India (RBI) bearing Registration with No. N-14.03423. The Company is having a valid Certificate of Registration dated 13 March 2020 (earlier dated 11 June 2016) from Reserve Bank of India.

The company is primarily running as a Non-Banking Financial Company for penetrating finances in rural areas. The Company is engaged predominantly in financing of Vehicles (Tractor). Tractor Loans are bifurcated into two segments i.e. Agri Loans and Commercial Loans and it gives loans under three categories- Used Tractor Financing, New Tractor financing and Used Tractor Re-financing. Company has branches in Uttar Pradesh, Madhya Pradesh and Rajasthan.

The financial statements of the Company has been prepared for the year ended 31 March 2020.

2 Significant accounting policies

The significant accounting policies have been predominantly presented below in the order of the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and guideline issued by Reserve Bank of India (RBI).

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

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

2.4 Cash flow statement

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

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on property, plant & Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Leasehold land is amortised over the duration of the lease.

Furniture & Fixtures - 5 years

Computers and Information technology equipment - 1 to 6 years

Office equipment - 1 to 5 years

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer Software - 3 years

The estimated useful life of the Intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.



2.6 Revenue recognition

Income from services

i. Interest Income on loans is accounted after applying interest rate implicit in the contract. In case of non-performing assets (NPAs), Interest income is recognized on receipt basis as per RBI guidelines. Interest recognised as income in the previous year is reversed in the month in which loan is classified as Non Performing, as per RBI norms.

ii. Income by way of service charges like processing fee, documentation charges, Subvention Income received from dealers/manufacturers are recognized on disbursement of loan.

iii. Income in the nature of overdue interest and bounce charges are recognized on realization, due to uncertainty of collection.

iv. Interest income from deposits with banks is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.

v. Income from non-financing activity is recognized as per the terms of contract, on accrual basis.

vi. The Company will recognize income on recoveries of financial assets written off on realization or when the right to receive the same without any uncertainties of recovery is established.

vii. Income are recognized net of Goods and Services Tax, Wherever applicable.

2.7 Other income

Interest income and income from advertisement and other non-operating income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Property, plant and equipment and Intangible assets

Property, plant and equipment and Intangible assets, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of Property, plant and equipment and Intangible assets 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, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46 / 46A of AS 11 *The Effects of Changes in Foreign Exchange Rates*, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure on Property, plant and equipment and Intangible assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Property, plant and equipment and Intangible assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Property, plant and equipment and Intangible assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Property, plant and equipment and Intangible assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Property, plant and equipment and Intangible assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work-in-progress:

Projects under which Property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets under development:

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

2.09 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 March 2020

Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

2.10 Investments

The current investments as appearing in the Balance Sheet consist of only such investments that are by their nature readily realisable and intended to be held for not more than one year from the respective dates on which they were made. All other investments have been shown in the Balance Sheet as 'non-current investments'. In accordance with the requirements of the Schedule III of the Act, the portion of the long-term investment as per AS 13 which is expected to be realised within twelve months from the Balance Sheet date has been shown as current investment.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

2.11 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences and long service awards.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets, if any. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets, if any, out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

2.12 Employee share based payments

The Company has constituted an Employee Stock Option Plan. Employee Stock Options are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments Issued by the Institute of Chartered Accountants of India.

2.13 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.14 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 March 2020

2.15 Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, if any, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 Goods and Service tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.21 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or 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.

2.22 Repossession of Assets

The accounts, where underlying security is repossessed and where management estimates irrecoverability of portion of loans, are provided for to the extent of difference between amount (net) outstanding in the books after provision as per RBI norms and value of underlying security as determined by the approved valuer and is recognised under the accounting head "Provision for loss on repossessed assets".

2.23 Provision for loan assets

Provision for loan assets is recorded at rates which are equal to or higher than the rates specified by the Reserve Bank of India in their guidelines on prudential norms. Refer Note 6 for rates used by the Company.



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3 Share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	(Rupees)	Number of shares	(Rupees)
Authorised				
Equity shares of Rs. 10 each with voting rights	1,00,00,00,000	10,00,00,00,000	15,00,00,000	1,50,00,00,000
Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	20,00,00,001	2,00,00,00,010	15,00,00,000	1,50,00,00,000
(Refer Notes (i) to (v) below)	20,00,00,001	2,00,00,00,010	15,00,00,000	1,50,00,00,000

Notes:

- i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	Year ended 31 March 2020		Year ended 31 March 2019	
	Number of shares	(Rupees)	Number of shares	(Rupees)
Equity shares with voting rights				
Outstanding at the beginning of the year	15,00,00,000	1,50,00,00,000	30,00,000	3,00,00,000
Add - Shares issued during the year	5,00,00,001	50,00,00,010	14,70,00,000	1,47,00,00,000
Outstanding at the end of the year	20,00,00,001	2,00,00,00,010	15,00,00,000	1,50,00,00,000

- ii. **Rights, preferences and restrictions**

(1) The Company has only one class of equity shares having per value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The entity declares and pays dividends in Indian rupees. The dividend proposed by board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2020 and 31 March 2019, no dividend has been declared by the Company. In the event of liquidation of the entity, the holders of equity shares will be entitled to receive remaining assets of the entity, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(2) As per the Shareholders Agreement (SHA) entered among the Company, Indian Farmers Fertiliser Cooperative Ltd (IFFCO), ICICI Bank Ltd, Star Global Resources Ltd (STAR), IFFCO Kisan Sanchar Ltd, Aurum Vriddhi Finance Pvt Ltd and N H Capital Co. Limited (N H Capital), each party shall sell/transfer its Shares in the Company only in accordance with the SHA. The SHA also prescribes that notwithstanding anything to the contrary in the SHA (except for the Transfer of Existing Share Warrants in accordance with the SHA or Transfer to Affiliate(s) and/or Associate(s)), IFFCO, STAR and N H Capital shall not Transfer any of its Shares in the Company for a period of three years from the effective date of the SHA i.e. 14 January 2020.

- iii. Details of shares held by the Holding company and their subsidiaries:

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Indian Farmers Fertiliser Cooperative Limited - (the Holding Company)	7,26,50,000	36.33%	7,26,50,000	48.43%
IFFCO Kisan Sanchar Limited - (Fellow subsidiary)	1,00,00,000	5.00%	1,00,00,000	6.67%

- iv. Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Indian Farmers Fertiliser Cooperative Limited - (the Holding Company)	7,26,50,000	36.33%	7,26,50,000	48.43%
IFFCO Kisan Sanchar Limited - (Fellow subsidiary)	1,00,00,000	5.00%	1,00,00,000	6.67%
NH Capital Co. Limited	5,00,00,001	25.00%	-	0.00%
Star Global Resources Limited	2,50,00,000	12.50%	2,50,00,000	16.67%
Star Global Investment Trust	1,25,00,000	6.25%	1,25,00,000	8.33%
Aurum Vriddhi Finance Private Limited	1,50,00,000	7.50%	1,50,00,000	10.00%
ICICI Bank Limited	1,48,50,000	7.42%	1,48,50,000	9.90%

- v. The Company has issued shares during the year on the basis of valuation report issued by a registered valuer.

- vi. Pursuant to resolutions passed by the Board and Shareholders on 18 March 2019 and 15 April 2019, respectively, the Company has approved to issue Share Warrants to the existing shareholders of the company in the ratio of 1:1(150,000,000 Nos.) at a price of Rs 12/-(10/- at a premium of Rs. 2/-) being the price paid by ICICI Bank while acquiring shares in the company. Each warrant will get converted to one equity share within a period of three years (upto 14 April 2022) in tranches as may be decided by Board from time to time keeping in view the capital requirements of the company. Further, under the SHA referred above in Notes ii(2), the parties have agreed that 50,000,001 new share warrants, convertible into equity Shares on a 1:1 basis (1 Share per share warrant) will be issued to NH Capital. For each call made by the Board against existing Share Warrants, NH Capital shall be entitled to, within four (4) calendar months to request for its pro rata portion of the new share warrants from the Company. Upon this request, Board shall issue NH Capital's Share Warrants at a predetermined price which shall be higher of either the fair market value ("FMV") as of the date of issuance or Rs. 18/- per NH Capital's Share Warrant.



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4 Reserves and surplus

	<u>As at 31-Mar-20 (Rupees)</u>	<u>As at 31-Mar-2019 (Rupees)</u>
Securities premium		
Opening balance	2,97,00,000	-
Add: Premium on shares issued during the year	40,00,00,008	2,97,00,000
Closing balance	<u>42,97,00,008</u>	<u>2,97,00,000</u>
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(6,14,07,787)	(47,97,600)
Add: Profit / (Loss) for the year	5,73,77,952	(5,66,10,187)
Less: Amount transferred to Special reserve	1,14,75,590	-
Closing balance	<u>(1,55,05,425)</u>	<u>(6,14,07,787)</u>
Statutory reserve fund (U/s 45IC of RBI Act)		
Opening Balance	-	-
Add: Amount transferred from the Surplus / (Deficit) in Statement of Profit and Loss (Refer Note below)	1,14,75,590	-
Closing balance	<u>1,14,75,590</u>	<u>-</u>
Note:		
As per Section 45-IC of the RBI Act,1934 every non-banking financial company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The Company has transferred twenty per cent of its net profit in special reserve.		
Share options outstanding account		
Opening Balance	-	-
Add: reserve as per Intrinsic value of stock options	4,03,290	-
Closing balance	<u>4,03,290</u>	<u>-</u>
	<u>42,60,73,463</u>	<u>(3,17,07,787)</u>



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-Mar-20 (Rupees)	As at 31-Mar-2019 (Rupees)
5 Long-term borrowings		
Term Loan from Banks - (Refer Note I and ii below) - Secured	1,93,85,00,000	-
	1,93,85,00,000	-

Notes :-

- i Terms of repayment and security provided in respect of term loan outstanding as at 31 March 2020 aggregating to Rs. 1,000,000,000 (including current maturities of Rs. 150,000,000) obtained from Bank of Baroda :

Purpose of loan	Repayment and Security	Rate of Interest	As at 31-Mar-20		As at 31-Mar-19	
			Non-current	Current maturities (Refer Note 8)	Non-current	Current maturities (Refer Note 8)
			(Rupees)	(Rupees)	(Rupees)	(Rupees)
For the purpose of onward lending for tractor finance	Refer Note (a), (b) and (c) below	1 year MCLR + 1.20% + 0.25% = Ranging from 9.70% - 9.85% p.a.	85,00,00,000	15,00,00,000	-	-

(a) Loan is repayable in 8 structured half yearly installments starting from first day of drawdown i.e. 16 October 2019.

Repayment schedule is as follows:

- 1st half year - Rs. 75,000,000
2nd half year - Rs. 75,000,000
3rd half year - Rs. 125,000,000
4th half year - Rs. 125,000,000
5th half year - Rs. 150,000,000
6th half year - Rs. 150,000,000
7th half year - Rs. 150,000,000
8th half year - Rs. 150,000,000

(b) First Pari Passu charges on all the present and future standard business receivables of the Company to the extent of minimum asset coverage of 1.20 times of the outstanding amount.

(c) Letter of Comfort from Indian Farmers Fertiliser Cooperative Limited.

- ii Terms of repayment and security provided in respect of term loan outstanding as at 31 March 2020 aggregating to Rs. 1,41,75,00,000 (including current maturities of Rs. 32,90,00,000) obtained from ICICI Bank :

Purpose of loan	Repayment and Security	Rate of Interest	As at 31-Mar-20		As at 31-Mar-19	
			Non-current	Current maturities (Refer Note 8)	Non-current	Current maturities (Refer Note 8)
			(Rupees)	(Rupees)	(Rupees)	(Rupees)
For ongoing business requirement of the Company including onward lending for tractor finance	Refer Note (a), (b) and (e) below	1 year MCLR + 1.25% spread = Ranging from 9.80% - 10.00% p.a.	57,00,00,000	23,75,00,000	-	-
For the purpose of onward lending for tractor finance	Refer Note (c), (d) and (e) below	1 year MCLR + 1.35% spread = Ranging from 9.50% - 9.55% p.a.	51,85,00,000	9,15,00,000	-	-



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at
31-Mar-20
(Rupees)

As at
31-Mar-2019
(Rupees)

Notes(continued) :-

(a) Loan is repayable in 8 half yearly structured installments and first repayment started on 30 September 2019.

Repayment schedule is as follows:

- 1st and 2nd instalment - 7.5% of facility amount
- 3rd and 4th instalment - 12.5% of facility amount
- 5th and 6th instalment - 15% of facility amount
- 7th and 8th instalment - 15% of facility amount

(b) First Pari Passu charges on all the present and future standard business receivables of the borrower to the extent of minimum asset coverage of 1.20 times of the outstanding amount.

(c) Loan is repayable in 8 structured half yearly installments and first repayment will start on 30 June 2020.

Repayment schedule is as follows:

- 1st and 2nd instalment - 7.5% of facility amount
- 3rd and 4th instalment - 12.5% of facility amount
- 5th and 6th instalment - 15% of facility amount
- 7th and 8th instalment - 15% of facility amount

(d) First Pari Passu charges on all the present and future standard business receivables of the borrower to the extent of minimum asset coverage of 1.20 times of the outstanding amount.

(e) Letter of Comfort from Indian Farmers Fertiliser Cooperative Limited.

6 Long-term provisions

Provision for employee benefits		
- Provision for gratuity	11,39,586	7,06,491
- Provision for compensated absences	22,46,128	-
Other Provisions (Refer Note 1 below)		
- Provision for standard assets	1,83,01,863	55,07,723
- Provision for Non performing assets (More than 90 days)	1,07,42,316	-
- Provision for loss on repossessed assets	18,89,677	-
	3,43,19,570	62,14,214
Reconciliation of provision against standard assets		
- Opening balance	55,07,723	-
- Add: Addition during the year	1,27,94,140	55,07,723
- Closing balance	1,83,01,863	55,07,723

Note:-

1. Provision for Non performing assets (More than 90 days) has been made as per below provisioning norms:

Ageing Bucket	Incremental Provision rates(ageing wise)
0-90 days	0.40%
91-120 days	15.00%
121- 180 days	20.00%
181- 365 days	40.00%
Above 1 Year	25.00%
Loss Assets	100.00%

7 Trade payables

- total outstanding dues of micro enterprises and small enterprises; and		
- total outstanding dues of creditors other than micro enterprises and small enterprises	7,68,18,062	2,32,35,041
	7,68,18,062	2,32,35,041

8 Other current liabilities

Current maturities of long-term debt	47,90,00,000	-
Other Payables		
- Statutory dues payable	1,04,83,117	32,99,382
- Payable on purchase of property, plant and equipments	6,90,212	-
	49,01,73,329	32,99,382

9 Short-term provisions

Provision for employee benefits		
Provision for compensated absences	31,53,027	-
	31,53,027	-



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10 Property, Plant & Equipment and Intangible assets (At cost)

Particular	GROSS BLOCK			ACCUMULATED DEPRECIATION		NET BLOCK			
	As at 01 April 2019	Additions	Deletion / Adjustments	As at 31 March 2020	As at 01 April 2019	Depreciation and amortisation for the year	Deletion / Adjustment \$	As at 31 March 2020	As at 31 March 2019
Property, Plant & Equipments	31,62,135	48,09,780	-	79,71,915	11,30,970	10,91,909	-	57,49,036	20,31,165
Lease hold improvements	(31,62,135)	(-)	(-)	(31,62,135)	(76,925)	(10,54,045)	(-)	(20,31,165)	(30,85,210)
Furniture & Fixtures	7,67,991	(1,22,718)	(3,63,963)	4,04,028	1,53,262	1,56,294	(1,38,111)	1,73,445	6,14,729
Computer and Information technology equipment	(6,45,273)	(-)	(-)	(7,67,991)	(8,102)	(1,45,160)	(-)	(1,53,262)	(6,37,171)
Computer and Information technology equipment	48,85,378	23,02,522	-	71,87,900	9,22,600	19,39,194	-	28,61,794	39,62,778
Office equipment	(2,24,851)	(46,60,527)	(-)	(48,85,378)	(1,898)	(9,20,702)	(-)	(39,62,778)	(2,22,953)
Office equipment	26,49,967	4,46,502	3,63,963	34,60,432	7,47,967	11,15,924	1,38,111	18,63,891	19,02,000
	(88,631)	(25,51,336)	(-)	(26,49,967)	(2,428)	(7,45,539)	(-)	(19,02,000)	(86,203)
Total - A	1,14,65,471	75,58,804	-	1,90,24,275	29,54,799	43,05,321	-	1,17,64,155	85,10,672
	(41,20,890)	(73,44,581)	(-)	(1,14,65,471)	(89,353)	(28,65,446)	(-)	(29,54,799)	(40,31,537)
Intangible assets									
Computer Software	77,81,211	-	-	77,81,211	13,80,463	26,77,634	1,38,111	40,58,097	64,00,748
	(-)	(77,81,211)	(-)	(77,81,211)	(-)	(13,80,463)	(-)	(64,00,748)	(-)
Total - B	77,81,211	(77,81,211)	(-)	77,81,211	13,80,463	26,77,634	1,38,111	40,58,097	64,00,748
	(-)	(77,81,211)	(-)	(77,81,211)	(-)	(13,80,463)	(-)	(64,00,748)	(-)
Total - A+B	1,92,46,682	75,58,804	-	2,68,05,486	43,35,262	69,82,955	1,38,111	1,11,80,106	1,49,11,420
	(41,20,890)	(1,51,25,792)	(-)	(1,92,46,682)	(89,353)	(42,45,909)	(-)	(43,35,262)	(40,31,537)

As at
31-Mar-20
(Rupees)

As at
31-Mar-2019
(Rupees)

11 Intangible assets under development

Software under development

2,18,750

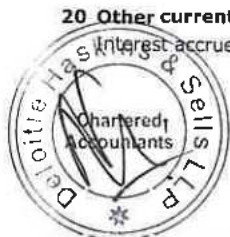
2,18,750



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31-Mar-20 (Rupees)	As at 31-Mar-2019 (Rupees)
12 Long-term loans and advances		
(Unsecured, considered good)		
Security deposits	7,99,092	3,63,342
Advance Income tax (net of provisions for taxation - Rupees 16,682,291 (As at 31 March 2019 - Nil))	34,37,046	93,228
	<u>42,36,138</u>	<u>4,56,570</u>
13 Deferred tax assets (net)		
<u>(Deferred tax liability) / Deferred tax assets</u>		
Tax impact of difference between carrying amount of property, plant and equipment in the financial statements and as per the Income tax Act.	1,11,120	(90,923)
Preliminary expenses	1,99,798	3,09,580
Provision for gratuity	2,86,834	1,83,688
Provision for compensated absences	13,58,967	-
Provision for statutory bonus	5,13,303	-
Provision for standard assets and non performing assets	72,07,038	14,32,008
Provision for loss on repossessed assets	4,75,632	-
Share options outstanding account	1,01,508	-
	<u>1,02,54,200</u>	<u>18,34,353</u>
Deferred tax assets (net) recognised	<u>1,02,54,200</u>	<u>-</u>
Note:		
The Company is into third year of operations. The Company has been into losses in the last 2 years, therefore deferred tax asset has not been recognised till 31 March 2019 due to absence of virtual certainty supported by convincing evidence that sufficient future taxable income would have been available against which such deferred tax assets could be realised.		
14 Long term receivables under financing activities		
Secured, considered standard assets	3,01,05,27,345	98,77,23,232
Secured, Non Performing assets (Refer Note (i) below)	3,11,29,668	-
	<u>3,04,16,57,013</u>	<u>98,77,23,232</u>
Note:		
(i) In its normal course of business, whenever default occurs, the Company takes possession of the underlying security covering the loan and also gets the valuation done from the approved valuer. The value of such repossessed assets as on 31 March 2020 is Rupees 7,071,000 against gross loan asset value of Rupees 11,666,197 (included above) and Company has booked provision for loss on such repossessed assets after booking provision for NPA on the same.		
15 Current investments		
Investment in Mutual funds	11,98,07,871	-
Nippon India Overnight Fund - Direct Growth Plan (Units - 1,117,932.099 @ Purchase value 107.1692 and NAV of Rupees 107.1868 per unit)		
	<u>11,98,07,871</u>	<u>-</u>
16 Trade receivables		
Other Trade receivables		
- Unsecured, considered good	19,67,417	-
	<u>19,67,417</u>	<u>-</u>
17 Cash and cash equivalents		
<u>Cash and cash equivalents</u>		
Cash on Hand	1,058	1,058
Balances with banks in current accounts	2,47,13,779	1,29,48,623
	<u>2,47,14,837</u>	<u>1,29,49,681</u>
18 Receivables under financing activities		
Secured, considered good	1,54,41,39,467	38,71,48,042
Unsecured, considered good	5,08,95,731	6,19,11,219
	<u>1,59,50,35,198</u>	<u>44,90,59,261</u>
19 Short-term loans and advances		
(Unsecured, considered good)		
Balances with government authorities	42,89,780	20,83,717
Other advances	29,14,356	9,34,251
Prepaid Expenses	12,43,290	-
	<u>84,47,426</u>	<u>30,17,968</u>
20 Other current assets		
Interest accrued but not due on receivables	14,72,11,342	3,29,22,718
	<u>14,72,11,342</u>	<u>3,29,22,718</u>

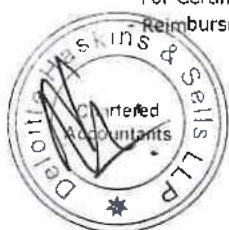


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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31-Mar-20 (Rupees)	Year ended 31-Mar-19 (Rupees)
21 Revenue from operations		
(a) Interest income from financing activities	52,05,21,226	5,33,01,804
(b) Income from processing fees	3,40,85,557	1,09,70,370
(c) Income from valuation, stamping and other charges	91,09,527	27,11,905
(d) Interest Income from dealers	58,43,826	15,75,037
	56,95,60,136	6,85,59,116
22 Other income		
(a) Interest income on deposit accounts with banks	-	90,106
(b) Gain on redemption of mutual funds	20,64,858	44,06,646
(c) Income from advertisement	98,60,927	18,60,000
(d) Other non-operating income	11,05,780	-
	1,30,31,575	63,56,752
23 Employee benefits expense		
(a) Salaries and wages	12,76,92,057	4,88,02,073
(b) Contributions to provident fund and other funds (Refer Note 30a)	88,28,138	39,64,471
(c) Gratuity expense	5,25,740	7,06,491
(d) Share based payment to employees	4,03,290	-
(e) Staff welfare expenses	39,69,429	13,33,836
	14,14,18,654	5,48,06,871
24 Finance costs		
(a) Interest expense on borrowings	16,22,09,214	48,42,398
(b) Other borrowing costs	2,50,00,000	-
	18,72,09,214	48,42,398
25 Provisions and contingencies		
(a) Provision on standard assets	1,27,94,140	55,07,723
(b) Provision for Non performing assets (More than 90 days)	1,07,42,316	-
(c) Provision for loss on repossessed assets	18,89,677	-
	2,54,26,133	55,07,723
26 Other expenses		
(a) Power and fuel	4,66,981	1,21,733
(b) Rent including lease rentals (Refer Note 31)	41,63,911	21,30,866
(c) Repair & maintenance		
- Building	5,34,024	4,51,512
- Others	12,49,921	10,18,808
(d) Insurance	16,84,870	8,25,546
(e) Rates & taxes	2,55,31,999	1,58,75,894
(f) Sales incentives and Dealers Commission	6,64,99,624	2,27,71,512
(g) Legal & professional charges (Refer Note (i) below)	2,21,95,798	68,13,771
(h) Director sitting fees	6,00,000	1,00,000
(i) Travelling expense	1,29,21,517	59,72,858
(j) Communication expenses	48,11,485	14,79,047
(k) Branding & promotion	49,47,520	17,96,313
(l) Printing & stationery	16,45,210	10,19,596
(m) Write off on receivables under financing activities	30,06,132	-
(n) Contractual staff	38,54,931	8,11,653
(o) Miscellaneous expenses	36,34,789	9,34,045
	15,77,48,712	6,21,23,154
Note :		
(i) Includes payments to statutory auditors (exclusive of service tax/Goods and Services tax)		
- For Audit	8,50,000	5,00,000
- For Tax Audit	1,75,000	-
- For Certification	50,000	1,50,000
- Reimbursement of expenses	82,000	-
	11,57,000	6,50,000



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27 Segment Information - The Company operates in a single business segment. The reporting requirements for primary and secondary segment disclosure prescribed by paragraphs 39 to 51 of Accounting Standard 17 - Segment reporting are not applicable to these financial statements.

28 Commitments and contingent liabilities (to the extent not provided for)

i. Contingent Liabilities

a. The Company does not have any pending litigations which would impact its financial position as on 31 March 2020.

ii. Commitments

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
a. Estimated amount of contract remaining to be executed on capital account	50,00,000	50,00,000
b. Loan sanctioned but not disbursed and or partially disbursed	16,30,687	8,62,761
c. For lease commitments - Refer note 31		

d. The Company has other commitments on account of contracts remaining to be executed which are entered into the normal course of business. The Company did not have any other long term commitments including derivative contracts or material non-cancellable contractual commitments / contracts for which there were any foreseeable losses which might have material impact on the financial statements.

e. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

29 Disclosure under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Particulars	As at 31-Mar-20 (Rupees)	As at 31-Mar-19 (Rupees)
a. Amount payable to suppliers under MSMED as at the end of the accounting period		
- Principal	-	-
- Interest due thereon	-	-
b. Payment made to suppliers beyond the appointed day during the period		
- Principal	-	-
- Interest due thereon	-	-
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the period) but without adding the interest under MSMED	-	-
d. Amount of Interest accrued and remaining unpaid as at the end of the accounting period	-	-
e. Amount of Interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	-	-

Note :

Dues to Micro, Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

30 Employee Benefit Obligations:

(a) Defined contribution plan

The Company's contribution towards its provident fund is a defined contribution retirement plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with Provident Fund Commissioner which is recognized by the Income Tax authorities.

The Company recognized Rupees 8,828,138 [Previous year Rupees 2,597,711] for provident fund contributions and Rupees 1,867,337 [Previous year Rupees 937,440] for employees' state insurance scheme contributions in the Statement of Profit and Loss.




IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Defined-Benefits Plans

Gratuity plan

The Company's gratuity scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service or part thereof in excess of 6 months with ceiling of Rupees 2,000,000 in terms of the provisions of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following tables set out amounts recognised in the Company's financial statements as at 31 March 2020.

Particulars	As at 31-Mar-20 (Rupees)	As at 31-Mar-19 (Rupees)
i. Movement in net liability		
Present value of obligation at the beginning of the year	7,06,491	-
Current service cost	19,59,162	7,06,491
Interest expenses	54,869	-
Actuarial (Gain) / Loss	(15,80,936)	-
Benefits paid	-	-
Present value of obligations at the end of the year	<u>11,39,586</u>	<u>7,06,491</u>
ii. Net liability recognised in the Balance Sheet		
Present value of defined benefit obligation	11,39,586	7,06,491
Fair Value of Plan Assets	-	-
Net liability recognised in the Balance Sheet	<u>11,39,586</u>	<u>7,06,491</u>
Current liability	-	-
Non-current liability	11,39,586	7,06,491
	<u>11,39,586</u>	<u>7,06,491</u>
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
iii. Expense recognized in Statement of Profit and Loss is as follows :		
Service Cost	19,59,162	7,06,491
Interest Cost	54,869	-
Net Actuarial (Gain)/Loss	(15,80,936)	-
Amount charged to Statement to Profit and Loss	<u>4,33,095</u>	<u>7,06,491</u>
iv Principal Actuarial assumptions for Gratuity and Compensated absences		
Rate for discounting liabilities	5.35%	7.75%
Expected salary increase rate	7.50%	7.50%
Retirement Age	60	60
Mortality table used	100% of IALM 2012-14	100% of IALM 2006- 08
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	30%	3%
31 - 44 years	30%	1%
Above 44 years	30%	0%

Notes:

(1) The discount rate is based on the prevailing market yields of Indian Government bonds as at the balance sheet date for the estimated term of obligations.

(2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

31 Operating Lease

The Company has acquired office premises under operating lease. Operating lease rentals paid during the year ended 31 March 2020 is Rupees 4,163,911. The future minimum lease expense in respect of non-cancellable period of lease of the premises is as follows :

Particulars	As at 31 March 2020	As at 31 March 2019
Not later than one year	16,40,112	-
Later than one year and not later than five years	40,600	-



/s/



IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32 Related party disclosure

Name of the related parties and nature of relationship :

<u>Description of relationship</u>	<u>Name of related parties</u>
Holding company	Indian Farmers Fertiliser Cooperative Limited
Fellow Subsidiary Fellow Subsidiaries (with whom transactions have taken place during the year)	IFFCO Kisan Sanchar Limited
Fellow Subsidiary Fellow Subsidiaries (with whom transactions have taken place during the year)	IFFCO-Tokio General Insurance Company Limited
Key Management Personnel ('KMP')	Ranjan Sharma - Managing Director Rakesh Dhasmana - Chief Financial Officer

Note : Related parties have been identified by the Management.

The nature of transactions during the year with the above-related parties were as follows:

<u>Nature of transaction</u>	<u>Holding Company</u>	<u>Fellow Subsidiaries</u>	<u>Key Management Personnel</u>
<u>Loan availed during the year</u>			
Indian Farmers Fertiliser Cooperative Limited	75,00,00,000 (-)	- (-)	- (-)
IFFCO Kisan Sanchar Limited	- (-)	- (10,00,00,000)	- (-)
<u>Loan repaid during the year</u>			
Indian Farmers Fertiliser Cooperative Limited	75,00,00,000 (-)	- (-)	- (-)
IFFCO Kisan Sanchar Limited	- (-)	- (10,00,00,000)	- (-)
<u>Interest expense on borrowings</u>			
Indian Farmers Fertiliser Cooperative Limited	4,83,22,876 (-)	- (-)	- (-)
<u>Interest expense on borrowings</u>			
IFFCO Kisan Sanchar Limited	- (-)	- (16,11,136)	- (-)
<u>Rent</u>			
Indian Farmers Fertiliser Cooperative Limited	6,60,535 (6,75,948)	- (-)	- (-)
IFFCO Kisan Sanchar Limited	- (-)	2,41,851 (-)	- (-)
<u>Repair & maintenance - Building</u>			
Indian Farmers Fertiliser Cooperative Limited	2,63,329 (-)	- (-)	- (-)
<u>Purchase of Property Plant and Equipment</u>			
IFFCO Kisan Sanchar Limited	- (-)	- (12,38,100)	- (-)
<u>Payment on behalf of borrowers</u>			
IFFCO-Tokio General Insurance Company Limited	- (-)	5,89,62,068 (-)	- (-)
<u>Branding & promotion</u>			
IFFCO Kisan Sanchar Limited	- (-)	21,90,845 (5,71,548)	- (-)
<u>Miscellaneous expenses - LOC Fees</u>			
Indian Farmers Fertiliser Cooperative Limited	65,21,875 (-)	- (-)	- (-)



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Nature of transaction	Holding Company	Fellow Subsidiaries	Key Management Personnel
<u>Reimbursement of expenses</u>			
Indian Farmers Fertiliser Cooperative Limited	5,35,957 (18,42,841)	- (-)	- (-)
IFFCO Kisan Sanchar Limited	- (-)	2,64,862 (22,513)	- (-)
Ranjan Sharma - Managing Director	- (-)	- (-)	5,54,028 (94,492)
Rakesh Dhasmana - Chief Financial Officer	- (-)	- (-)	79,524 (-)
<u>Employee benefits expense</u>			
Rakesh Dhasmana	- (-)	- (-)	37,56,489 (-)

Balances outstanding at the end of the year:

	Holding Company	Fellow Subsidiaries	Key Management Personnel
<u>Other advance</u>			
IFFCO-Tokio General Insurance Company Limited	- (-)	8,50,987 (10,24,838)	- (-)
<u>Trade payables</u>			
Indian Farmers Fertiliser Cooperative Limited	12,992 (27,769)	- (-)	- (-)
IFFCO Kisan Sanchar Limited	- (-)	7,08,163 (2,77,798)	- (-)

33 Following information is disclosed in terms of the Master Direction-Non Banking Financial Company- Non Systematically Important, Non deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016 as amended till 17 February 2020.

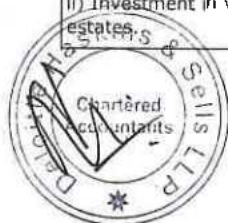
Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex 2 of Non Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)

a. Capital to risk assets ratio (CRAR)

Particulars	As at 31 March	As at 31 March 2019
CRAR (%)	49.16%	98.61%

b. Exposure to Real Estate Sector

Particulars	As at 31 March 2020	As at 31 March 2019
Direct Exposure		
Residential Mortgages (Lending Secured by mortgages on residential property that is or will be occupied by the borrowers or that is rented;)	-	-
Commercial Real Estate [Lending fully Secured by mortgages on commercial estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi tenanted commercial premises, industrial or warehouse, space, hotels, land acquisitions, developments and construction etc.) Exposure would also include Non-fund based limits.	-	-
Investment in Mortgage Backed Securities (MBS) and other securitized exposures		
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect Exposure		
i) Fund based and non-fund based exposures on National Housing Bank and Housing Finance Corporation	-	-
ii) Investment in venture capital funds which primarily invests into commercial real estates	-	-



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c. Maturity pattern of certain items of assets and liabilities

As at 31 March 2020

Particulars	One Month	1-2 Month	2-3 Month	3-6 Month	6 month to 1 year	1 Year to 3 years	3 Year to 5 years	Over 5 years	Total
Liabilities									
Term Borrowings(Including current Maturities)	7,50,00,000	-	4,57,50,000	11,87,50,000	23,95,00,000	1,45,55,00,000	48,30,00,000	-	2,41,75,00,000
Assets									
Current investments	11,98,07,871	-	-	-	-	-	-	-	11,98,07,871
Receivables under financing activities*	8,80,68,873	13,62,69,186	28,82,21,204	27,12,26,187	76,03,54,017	2,43,66,59,880	60,49,97,133	-	4,58,57,96,480

* Receivables under financing activities has been considered as Gross loan assets.

d. Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

S. Particulars No	As at 31 March 2020		As at 31 March 2019	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue

Liabilities side:

1. Loans and advances availed by non-banking financial company inclusive of interest accrued thereon but not paid:

Debtures : secured	-	-	-	-
: unsecured	-	-	-	-
(other than falling within the meaning of public deposits*)	-	-	-	-
Deferred credits	-	-	-	-
Term loans	2,41,75,00,000	-	-	-
Inter-corporate loans and borrowings	-	-	-	-
Commercial paper	-	-	-	-
Public deposits	-	-	-	-

2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :

In the form of Unsecured debtures	-	-	-	-
In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-	-	-
Other public deposits	-	-	-	-

Assets Side

3. Break-up of Loans and Advances including bills receivables [other than those included in(4) below] :

Secured	4,58,57,96,480	-	1,37,48,71,274	-
Unsecured	6,35,79,295	-	6,53,85,757	-

4. Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

Lease assets including lease rentals under sundry debtors :	-	-	-	-
-Financial lease	-	-	-	-
-Operating lease	-	-	-	-
Stock on hire including hire charges under sundry debtors :	-	-	-	-
-Assets on hire	-	-	-	-
-Repossessed Assets	-	-	-	-
Other loans counting towards assets financing activities	-	-	-	-
-Loans where assets have been repossessed	-	-	-	-
-Loans other than above	-	-	-	-

5. Break-up of Investment

Current Investment

<u>Quoted:</u>	-	-	-	-
-Shares	-	-	-	-
(a) Equity	-	-	-	-
(b) Preference	-	-	-	-
-Debtures and Bonds	-	-	-	-
-Units of mutual fund	-	-	-	-
-Government securities	11,98,07,871	-	-	-

Unquoted:

Shares	-	-	-	-
- Equity	-	-	-	-
Preference	-	-	-	-
Debtures and Bonds	-	-	-	-
Units of mutual fund	-	-	-	-
Government securities	-	-	-	-

Long Term Investments

<u>Quoted:</u>	-	-	-	-
-Shares	-	-	-	-
(a) Equity	-	-	-	-
(b) Preference	-	-	-	-
-Debtures and Bonds	-	-	-	-
-Units of mutual fund	-	-	-	-
-Government securities	-	-	-	-

Unquoted:

Shares	-	-	-	-
- Equity	-	-	-	-
Preference	-	-	-	-
Debtures and Bonds	-	-	-	-
Units of mutual fund	-	-	-	-
Government securities	-	-	-	-



6. Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	31-Mar-20			31-Mar-19		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Related Parties	-	-	-	-	-	-
-Subsidiaries	-	-	-	-	-	-
-Companies in the same group	-	-	-	-	-	-
- Other related parties	-	-	-	-	-	-
Other than related parties	4,58,57,96,480	6,35,79,295	4,64,93,75,775	1,37,48,71,274	6,53,85,757	1,44,02,57,031
Total	4,58,57,96,480	6,35,79,295	4,64,93,75,775	1,37,48,71,274	6,53,85,757	1,44,02,57,031

6. Investor group-wise classification of all Investment (current and long term) in shares and securities (both quoted and unquoted):

Category	31-Mar-20		31-Mar-19	
	Market value/Break	Book value	Market value/Break	Book value
Related Parties	-	-	-	-
-Subsidiaries	-	-	-	-
-Companies in the same group	-	-	-	-
- Other related parties	-	-	-	-
Other than related parties	11,98,27,564	11,98,07,871	-	-
Total	11,98,27,564	11,98,07,871	-	-

7. Other information

Particulars	31-Mar-20	31-Mar-19
	Gross non-performing assets	-
- Related parties	-	-
- Other than related parties	-	3,11,29,668
Net non-performing assets	-	-
- Related parties	-	-
- Other than related parties	-	2,03,87,352
Assets acquired in satisfaction of debt	-	-

e. Public Disclosure on liquidity risk

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on 04 November 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at 31 March 2020 is as under:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

S. No. Number of Significant counterparties (Borrowings)	31-Mar-20		
	Amount	% of Total deposits	% of Total Liabilities
1 Term loans from 2 banks	2,41,75,00,000	NA	95%

(ii) Top 20 large deposits (amount in Rs. crore and % of total deposits)

Nil

(iii) Top 10 borrowings (amount in Rs. crore and % of total borrowings)

S. No. Number of Significant counterparties (Borrowings)	31-Mar-20		
	Amount	% of Total deposits	% of Total Borrowings
1 Bank of Baroda	1,00,00,00,000	NA	41%
2 ICICI Bank - I	80,75,00,000	NA	33%
3 ICICI Bank - II	61,00,00,000	NA	25%

(iv) Funding Concentration based on significant instrument/product

S. No. Name of the Product	31-Mar-20	
	Amount	% of Total Liabilities
1 Term Loans	2,41,75,00,000	95%

v) Stock Ratios -

- (a) Commercial papers as a % of total public funds, total liabilities and total assets -
 (b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets -
 (c) Other short-term liabilities, as a % of total liabilities 22%
 (d) Other short-term liabilities, as a % of total assets 11%

Note:

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board of Directors also approves constitution of Asset Liability Committee (ALCO) which is the decision making unit responsible for balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks. In addition to monitoring the risk levels of the Company, the ALCO reviews the results of and progress in implementation of the decisions made in the previous meetings. The meetings of ALCO are held quarterly or more frequently, if needed. The ALCO discusses the ability of the Company to meet its liabilities as they become due and ensures that the probability of an adverse situation developing is reduced. An important objective of the Liquidity Risk Management framework is to ensure that periods of liquidity stress which may arise because of market conditions are endured. The ALCO measures the liquidity positions of the Company on an ongoing basis and also examines how liquidity requirements are likely to evolve under different assumptions. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds.

e. Disclosure of Restructured Accounts

The Company has not made any restructuring of its loan assets for the year ended 31 March 2020.

f. COVID19 Regulatory Package - Asset Classification and Provisioning

In terms of the circular DOR.No.BP.BC.47/21,04.048/2019-20 dated March 27, 2020 ('Regulatory Package'), the lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. In respect of accounts in default but standard where provisions are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts and make disclosure in the financial statement.

The Company confirms that among the loan accounts to which the moratorium benefit was provided, none of those accounts were overdue as on 29 February 2020. Hence, the disclosure requirements do not apply to the Company.



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34 Employee Stock Option Plan

In the extraordinary general meeting held on 15 April 2019, the shareholders approved the issue of 1,075,000 options under the Scheme titled "Employee Stock Option Scheme(ESOP)".

The ESOP allows the issue of options to permanent employees of the Company and its subsidiaries or Holding Company (whether in India or abroad), but does not include an employee or director who is a promoter or a person belonging to the promoter group or a director who either himself or through relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, an employee on Deputation basis or/and secondment basis working in the Company unless the salary being paid to such an employee is being borne by the Company. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration / Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option is Rupees 12 and Market price is determined as Rupees 18. The options granted vest over a period of 5 years in equal instalments from the date of the grant. The option can be exercised, within a period of 5 years from the respective vesting and in accordance with terms and conditions of the plan.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year ended 31 March 2020	
	Options (Numbers)	Weighted average exercise price per option (Rupees)
Option outstanding at the beginning of the year	-	-
Granted during the year	10,75,000	12
Vested during the year	-	-
Exercised during the year:	-	-
Lapsed during the year	-	-
Options outstanding at the end of the year	10,75,000	12
Options available for grant:	-	-
The weighted average share price at the date of exercise for stock options exercised during the year	-	-
Range of exercise price for options outstanding at the end of the year		12

The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	For the year ended 31 March 2020
Profit for the year (as reported)	5,73,77,952
Add: stock based employee compensation (intrinsic value)	4,03,290
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (Refer below assumptions considered)	(6,42,575)
Net Profit / (Loss) (proforma)	5,71,38,667
Basic earnings per share (as reported)	0.3780
Basic earnings per share (proforma)	0.3765
Diluted earnings per share (as reported)	0.3780
Diluted earnings per share (proforma)	0.1923

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	31-Mar-20
Risk Free Interest Rate	7.03%
Expected Life	5 years
Expected Annual Volatility of Shares	5.00%
Expected Dividend Yield	20%



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IFFCO KISAN FINANCE LIMITED (FORMERLY KNOWN AS KISAN RURAL FINANCE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

35 Earnings per share

Particulars	Unit	Year ended 31-Mar-20	Year ended 31-Mar-19
Profit/(Loss) for the year	Rupees	5,73,77,952	(5,66,10,187)
Weighted average number of equity shares of Rs. 10 each used in computing the basic earnings per share	Numbers	15,17,80,822	3,91,16,712
Basic earnings/(loss) per share	Rupees	0.38	(1.45)
Add: Effect of ESOPs which are dilutive	Numbers	7,16,667	-
Add: Effect of share warrants which are dilutive	Numbers	14,46,57,534	-
Weighted average number of equity shares - for Diluted EPS	Numbers	29,71,55,023	3,91,16,712
Diluted earnings/(loss) per share	Rupees	0.19	(1.45)

36 Approval of financial statements

The financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 16 July 2020.

37 In view of the Coronavirus pandemic, the Reserve Bank of India (RBI), after evaluating the current and evolving macroeconomic and financial conditions, and in order to ensure financial stability and infuse additional liquidity support, announced vide its Notification dated 27 March 2020 that all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) will be permitted to allow a moratorium of three months on payment of instalments in respect of all term loans falling due between 01 March 2020 and 31 May 2020. Later, vide its Circular dated 23 May 2020, RBI permitted the moratorium to be extended by another three months i.e. from 01 June 2020 to 31 August 2020, in view of the lockdown and continuing disruption on account of COVID-19. The Coronavirus pandemic and the lockdowns imposed in view of the same has adversely impacted the cash flows of some of the Company's customers as well. Accordingly, the Board of Directors of the Company, vide Circular Resolution dated 30 March 2020 and board resolution dated 04 June 2020, approved the policy to offer moratorium to its borrowers as per RBI notification dated 27 March 2020 and 22 May 2020 respectively. Based on the Board approved policy, after ascertaining cash position of borrowers, impact due to COVID-19, likelihood of a delay in servicing the company's debt obligations and their intention to opt for moratorium, the Company allowed moratorium of instalments falling due within the months of March, April and May 2020 to certain eligible customers. The classification of Receivables under Financing activities as on 31 March 2020 into Current and Non-current has been done by the Company based on the revised repayment schedule after considering the moratorium granted.

Further, the Company has based on currently available information and based on the provisioning policy approved by the Board of Directors, determined the prudential estimate of the provisions for standard assets and non-performing assets which is over and above the income recognition and asset classification (IRAC) norms as per the RBI Master Directions. In estimating this provisioning policy, the Company has considered internal and external sources of information up to the date of approval of these financial statements.

In view of the current uncertainties, the eventual outcome of COVID 19 global health pandemic may be different from those estimated as on the date of approval of financial statements and Company will continue to monitor any material changes for future economic conditions. However, based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these loans.

38 Previous year figures have been regrouped/reclassified to confirm to current year Financial Statements.



For and on behalf of Board of Directors

Ranjan Sharma
Managing Director

Din No: 00425415

Place : New Delhi

Date : July 16, 2020

Kamal Kumar Verma

Director

Din No: 06779418

Place : New Delhi

Date : July 16, 2020

Rakesh Dhasmana

Chief Financial Officer

Place : New Delhi

Date : July 16, 2020

Deepika Singh

Company Secretary

Place : New Delhi

Date : July 16, 2020

