

## DIRECTORS' REPORT

To,  
The Members,  
**KISAN RURAL FINANCE LIMITED**

Your Directors have pleasure in presenting the 02<sup>nd</sup> (Second) Annual Report on the business and operations of the Company together with Audited financial statements of your Company for the year ended March 31, 2019

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) The Company obtained Certificate of Registration (CoR) from the Reserve Bank of India (RBI) on 11 06 2018 for carrying out activities of Non-Banking Financial Institution and provide multiple financing options to the rural customers Accordingly, the Company commenced disbursements from June 28, 2018 onwards 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 acquisition of control from IFFCO Kisan Sanchar Limited to IFFCO. RBI granted its prior approval for change in control vide its letter 3022/05 11 115/2018-2019 dated 2<sup>nd</sup> November, 2018

### Financial and Operational Highlights

As per Master Direction-Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, updated 22 February 2019, your Company is an Investment and Credit Company (NBFC-ICC) At present your company is operating in the rural areas of Uttar Pradesh, Madhya Pradesh and Rajasthan and has disbursed loan to 4291 borrowers amounting to Rs 142 59 cr till 31<sup>st</sup> March, 2019 The financial highlights of the Company's operations in the Financial Year 2018-2019 are as follows

### Summary of Performance

(All amounts in INR)

Particulars	FY 2019	FY 2018
<b>Gross Revenue from Operations</b>	6,85,59,115	-
<b>Other Income</b>	63,56,753	4,16,917
<b>Total Income</b>	7,49,15,868	4,16,917
<b>Total Expenses</b>	13,15,26,055	52,14,517
<b>Profit/Loss before tax</b>	(5,66,10,187)	(47,97,600)
<b>Income Tax - Current Year</b>	-	-
<b>Deferred Tax</b>	-	-
<b>Profit for the year</b>	(5,66,10,187)	(47,97,600)
<b>Earning per share (equity shares, par value INR 10 each) in INR</b>	(1 45)	(1 60)

During the period under review, the Company earned a total income of Rs 749.16 Lacs and incurred an expense of Rs 1,315.26 Lacs, thereby making a net loss of Rs 566.10 Lacs. The expenses incurred primarily consist of employee benefits expense of Rs 555.68 Lacs, other operating expenses of Rs 613.32 Lacs, finance cost of Rs 48.72 Lacs, provisions of Rs 55.08 Lacs and depreciation of Rs 42.46 Lacs. The operating expenses include about Rs 117 Lacs paid as RoC fee for increase in authorized capital and is therefore not a recurring expense. The amount of Rs 55.08 Lacs represents credit provisioning on standard assets and was done on a conservative basis @ 0.40% of the standard assets as against 0.25% prescribed by RBI. This is a provision on the assets on which no default on payment of principal or interest is perceived and therefore not an actualized expense.

A detailed business plan had been approved by the Board of the Company and operations are being undertaken as per the approved plan. In line with the plan for FY 2019-20, company's priority will be to go deeper into the existing states of Uttar Pradesh, Rajasthan and Madhya Pradesh and launch business operations in the State of Bihar in the current year. Capital adequacy is conservatively proposed at 20% as against 15% prescribed by RBI.

The Company intends to be a pioneer on several fronts in the NBFC industry. It will be entirely rural focused in the initial years and will leverage on its core strength, i.e. the deep farmer connect IFFCO has generated through several decades of dealings with the farmers. With a committed management and employee force, high focus on IT and automation to achieve operational efficiency, service oriented objectives and robust policies, the Company is confident of achieving good results in the FY 2019-2020.

### **Share Capital**

In order to strengthen the business operations of the Company and meet its capital requirement, the Company raised its Authorised Capital from 20 crores to 150 crores.

During the Financial Year 2018-2019 the Company has issued and allotted 70,00,000 equity shares of Rs 10 each to IFFCO Kisan Sanchar Limited on right basis. Further, 7,26,50,000 equity shares of Rs 10 each to Indian Farmers Fertiliser Cooperative Limited (IFFCO), 2,50,00,000 equity shares of Rs 10 each to Star Global Resources Limited, 1,25,00,000 equity shares of Rs. 10 each to Star Global Investment Trust an associate of Star Global Resources Limited, 1,50,00,000 equity shares of Rs. 10 each to Aurum Vriddhi Finance Private Limited and 1,48,50,000 equity shares of face value of Rs. 10 each at a premium of Rs 2/-per share to ICICI Bank Limited by way of private placement.

In line with the vision to keep the Company well capitalised, the Company on 15<sup>th</sup> April, 2019 has also approved to issue Share Warrants to the existing shareholders of the company in the ratio of 1:1 at a price of Rs 12/-, 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 in tranches as may be decided by Board from time to time keeping in view the capital requirements of the company.

### **Dividend**

In view of the loss incurred during the year and non-availability of any carry forward surplus, the directors do not recommend any dividend for the Financial Year ended on 31<sup>st</sup> March, 2019.

### 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, 2019. 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

The Company was incorporated on 7<sup>th</sup> December, 2017 with three Directors, namely Mr Rakesh Kapur, Mr Ranjan Sharma and Mr Sandeep Malhotra nominated by the Promoter IFFCO Kisan Sanchar Limited (IFFCO KISAN) for the purpose of registration of the Company. Further, pursuant to the Amended and Restated Shareholder's Agreement executed on 21<sup>st</sup> December, 2018 between the existing shareholders of the Company, Dr U.S Awasthi, representative of Indian Farmers Fertiliser Co-operative Limited and Mr Srirang Yashwant Athalye, representative of Aurum Vriddhi Finance Private Limited have been appointed as a Nominee Director on the Board of the Company w e f 21<sup>st</sup> January, 2019 and 13<sup>th</sup> February, 2019 respectively

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 18<sup>th</sup> April, 2019 appointed Shri P.H. Ravikumar, a renounced banker with an experience of more than 43 years in the field of Banking and Commodity Exchange as an Additional Director (Non-executive and Independent). His appointment as a Director was subsequently approved by the Shareholders at their Extra Ordinary General Meeting held on 15<sup>th</sup> April, 2019

Pursuant to the Amended and Restated Shareholder's Agreement executed between the existing shareholders of the Company on 27<sup>th</sup> February, 2019, Mr Avijit Saha, a representative of ICICI Bank Limited has also been appointed as a Nominee Director on the Board of the Company w e f 24<sup>th</sup> April, 2019

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

Sr. No.	Name of Director	Designation
01	Dr Uday Shanker Awasthi	Chairman & Nominee Director
02.	Mr Ranjan Sharma	Managing Director
03	Mr. Rakesh Kapur	Director
04	Mr Sandeep Malhotra	Director
05	Mr P H Ravikumar	Independent Director
06	Mr Srirang Athalya	Nominee Director
07	Mr Avijit Saha	Nominee Director

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

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

During the year under review, with compliance of the provisions of Section 203 of the Companies Act, 2013, whereby Companies having a paid-up share capital of Rs 10 crore rupees or more are required to appoint Chief Financial Officer and Companies having a paid-up share capital of Rs 5 crore rupees or more are required to appoint Whole-time Company

Secretary as Key Managerial Personnel of the Company, in the Board Meeting held on 21<sup>st</sup> January, 2019 the Company has appointed Mr Rakesh Dhasmana, a Commerce Graduate from Delhi University and an Associate Member of the Institute of Chartered Accountants of India (ICAI) as the Chief Financial Officer, (KMP) of the Company and Ms Deepika Singh, an Associate Member of Institute of Company Secretaries of India having Membership No ACS-43453, and possess the requisite qualification as prescribed under the Company Secretaries Act, 1980, as the Company Secretary of the Company to perform the duties as may be defined under the Companies Act, 2013 and any other duties assigned to them by the Board of Directors from time to time

### **Auditors**

M/s G S Mathur & Co , Chartered Accountants, (Firm Registration Number 008744N) was appointed as the first Auditors of the Company to hold office till the conclusion of First Annual General Meeting The Company in its First Annual General Meeting has appointed M/s Deloitte Haskins & Sells, Chartered Accountants, (Firm 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 6<sup>th</sup> 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 2018-19 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 2018-19 is appended to this Report as "**Annexure-1**"

### **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. The applicable Secretarial Standards, i.e SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company

### **Internal Financial Control**

The Company has in place adequate internal financial control with reference to the Financial Statements and no material weakness was 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

### **Corporate Social responsibility (CSR)**

Provisions relating to section 135 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the company.

### **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 a tentative annual calendar of the Board and Committee Meetings 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 duly met 10 (ten) times during the financial year ended on 31<sup>st</sup> March, 2019. The dates on which the meetings were held are as follows:

S.NO.	TYPES OF MEETING	DATE OF MEETING
1	Board Meeting	06.06.2018
2	Board Meeting	01.08.2018
3	Board Meeting	30.08.2018
4	Board Meeting	25.10.2018
5	Board Meeting	16.11.2018
6	Board Meeting	11.12.2018
7	Board Meeting	21.12.2018
8	Board Meeting	21.01.2019
9	Board Meeting	13.02.2019
10	Board Meeting	18.03.2019

**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 Uday Shanker Awasthi	Board Meeting	2	1
2	Mr Rakesh Kapur	Board Meeting	10	10
3	Mr Ranjan Sharma	Board Meeting	10	10
4	Mr Sandeep Malhotra	Board Meeting	10	10
5	Mr Srirang Athalye	Board Meeting	1	1
6	Mr P. H Ravikumar	Board Meeting	1	1

\* Mr Puranam Hayagreeva Ravikumar was appointed as an additional director (Non-executive and Independent) on 18 03 2019 and was present during the Board Meeting held on that day.

**Committees**

During the Financial Year 2018-2019, provisions of Section 135, 177 and 178 relating to constitution of Corporate Social Responsibility Committee, Audit Committee, Nomination and Remuneration Committee respectively was not applicable on the Company

Further, the Board at its meeting held on 01<sup>st</sup> 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 duly met 14 (Fourteen) times during the financial year ended on 31<sup>st</sup> March, 2019 on 01 08 2018, 29 08 2018, 30 08 2018, 31 08 2018, 04 09 2018, 14 09 2018, 19 09 2018, 24 09 2018, 25 09 2018, 27.09 2019, 14 12 2018, 24 12 2018, 28 01 2019 and 28.02 2019 and both the directors were present in all the aforesaid committee meetings.

**Subsidiary, Joint Venture and Associate Company**

The Company has no subsidiary or joint venture or associate company as on 31<sup>st</sup> March, 2019, therefore no information 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, 2019, 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 31<sup>st</sup> March, 2019 and of its Loss 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 31<sup>st</sup> March, 2019 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 March 31, 2019, forms a part of the Board's Report, is enclosed as **Annexure-2**.

**Disclosures of amounts, if any, transfer to any reserves**

It is not proposed to carry any amount to any reserves from the profits of the Company Hence, disclosure under Section 134 (3) (j) of the Companies act, 2013 is not required

**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 02 04 2019, the Company has borrowed an unsecured loan aggregating to Rs 25 crore from Indian Farmers Fertiliser Cooperative Limited
- 2 On 24 04 2019, the Company has secured a sanction of a term loan aggregating to Rs 95 crore from ICICI Bank Limited by way of creating first pari passu charge on all present and future standard business receivables of the Company.
- 3 Pursuant to resolutions passed by the Board and Shareholders on 18<sup>th</sup> March, 2019 and 15<sup>th</sup> April, 2019, respectively, the Company instituted the Kisan Rural Finance Employee Stock Option Plan (ESOP Scheme). The ESOP Scheme was for a total of 75,00,000 Equity Shares (5% of the paid up capital of the Company as on date of passing of the resolution) for all the eligible employees of the Company. In accordance with the ESOP Scheme, each option on exercise would be eligible for one Equity Share on payment of exercise price. The Board is authorised to administer the ESOP Schemes till the time Nomination & Remuneration Committee is in place
- 4 Pursuant to resolutions passed by the Board and Shareholders on 18<sup>th</sup> March, 2019 and 15<sup>th</sup> April, 2019, respectively, the Company has approved to issue Share Warrants to the existing shareholders of the company in the ratio of 1.1 at a price of Rs 12/-, 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 in tranches as may be decided by Board from time to time keeping in view the capital requirements of the company

**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 Management (ALM) Policy which lay down guidelines for risk identification, assessment and monitoring as an ongoing process. 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**

During the year under review, the Company obtained Certificate of Registration (CoR) No N-14 03423 dated 11<sup>th</sup> June, 2018 from the Reserve Bank of India (RBI) for carrying out activities of Non-Banking Financial Institution. Further, the Company has also received prior approval of the Reserve Bank of India vide its letter No. 3022/05.11.115/2018-2019 dated 2<sup>nd</sup> November, 2018 for change in the control.

**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 (if any)

In terms of section 188 of Companies Act, 2013 read with rules framed thereunder. Contracts or arrangements with related parties were entered into during the year under review. Accordingly, in terms of Section 134 of the Act read with rules made thereunder such transactions are being reported in Form AOC-2 (enclosed as **Annexure-3**).



### 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.

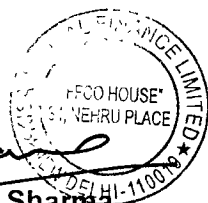
The relations between the management and the staff were cordial during the period under review

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR KISAN RURAL FINANCE LIMITED**

Date: 26.07.2019  
Place: New Delhi



**Sandeep Malhotra**  
Director  
DIN: 00343938



**Ranjan Sharma**  
Managing Director  
DIN: 00425415



AMIT AGRAWAL & ASSOCIATES  
(Company Secretaries)

H-63, Vijay Chowk,  
Laxmi Nagar, Delhi-110092  
Phone No. 011-22024525  
Email i.d.: amitagcs@gmail.com

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019**

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

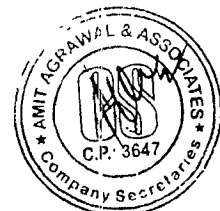
To,  
The Members,  
**Kisan Rural Finance Limited**  
IFFCO House, 34, Nehru Place,  
New Delhi-110019, IN

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

Based on our verification of **M/s. Kisan Rural 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 **31<sup>st</sup> March, 2019** 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. Kisan Rural Finance Limited** for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under.
- (ii) The Secretarial Standards issued by The Institute of Company Secretaries of India.
- (iii) Other laws applicable specifically to the Company namely:
  - a) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
  - b) The Maternity Benefit Act, 1961
  - c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act), 2013





AMIT AGRAWAL & ASSOCIATES  
(Company Secretaries)

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- d) Payment of Bonus Act, 1965
- e) Employees' State Insurance Act, 1948
- f) The Reserve Bank of India Act, 1934 to the extent applicable on NBFC, rule and regulation made there under
- g) The Depositories Act, 1996;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We further report that the company has made the appointment of 3 directors (including One Independent director) during the year under review in respect of which approval of RBI is yet to be received.

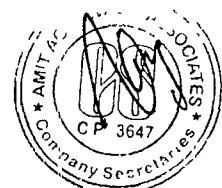
However, During the period under review, provisions of the following regulations were not applicable to the Company because of for clause (I) no FDI and ECB has been taken by the Company since incorporation and for (II) to (V) clauses below the Company is unlisted Company. Hence, comments are not required to be made in respect of these clauses:

- I. 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.
- II. The Rules, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
- III. The Listing Agreement with any Stock Exchange.
- IV. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made there under;

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 Director.

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. The Adequate notice is given to all Directors of schedule the Board Meetings, Agenda and detailed notes on Agenda were sent to all the Directors, 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.





AMIT AGRAWAL & ASSOCIATES  
(Company Secretaries)

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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.

Place : Delhi  
Date: 26/07/2019

For Amit Agrawal & Associates  
(Company Secretaries)



CS Amit Agrawal  
(Proprietor)  
M. No. F5311  
C.P. No. : 3647

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2019

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 <sup>th</sup> December, 2017
3.	Name of the Company	Kisan Rural 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 <sup>st</sup> 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	91.51

## 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. 31.03.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(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	NIL	29,99,994	29,99,994	99 9998%	82649994	00	82649994	55 099996	44 8998
e) Banks / FI	NIL	00	00	00	00	00	00	00	00
f) Any other	NIL	6	6	0 0002%	06	00	6	0 000004	00
<b>Sub-Total (A) (1):-</b>	<b>NIL</b>	<b>30,00,000</b>	<b>30,00,000</b>	<b>100%</b>	<b>82650000</b>	<b>-</b>	<b>82650000</b>	<b>55.1%</b>	<b>44.9</b>
(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
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>NIL</b>	<b>30,00,000</b>	<b>30,00,000</b>	<b>100%</b>	<b>82650000</b>	<b>-</b>	<b>82650000</b>	<b>55 1%</b>	<b>44.9</b>
<b>B Public Shareholding</b>									
1 Institutions	NIL	NIL	NIL	NIL	14850000	-	14850000	9 90%	9 90%
2. Non-Institutions	NIL	NIL	NIL	NIL	52500000	NIL	52500000	35%	35%
<b>Total Public Shareholding (B) = (B1)+(B2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>NIL</b>	<b>30,00,000</b>	<b>30,00,000</b>	<b>100%</b>	<b>150000000</b>	<b>NIL</b>	<b>150000000</b>	<b>100%</b>	<b>NIL</b>

ii) Shareholding of Promoter-

SN	Name of Shareholders	Shareholding at the beginning of the year, i.e. 01.04.2018			Shareholding at the end of the year, i.e. 31.03.2019			% 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	30,00,000	100 %	0	10,00,000	6.66%	0	93.33%
2	Indian Farmers Fertiliser Cooperative Limited	Nil	Nil	Nil	7,26,50,000	48.43%	0	48.43%
	Total	30,00,000	100%	0	8,26,50,000	55.1%	0	44.9%

iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No.		Shareholding at the beginning of the year i.e. 01.04.2018		Cumulative Shareholding during the year, up to 31.03.2019	
		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	30,00,000	100%	30,00,000	100%
2	Right Issue 01/08/2018	10,00,000	25%	40,00,000	100%
3	Right Issue 29/08/2018	5,00,000	11.11%	45,00,000	100%
4	Right Issue 30/08/2018	2,50,000	5.26%	47,50,000	100%
5	Right Issue 31/08/2018	4,90,000	9.35%	52,40,000	100%
6	Right Issue 04/09/2018	2,45,000	4.46%	54,85,000	100%
7	Right Issue 14/09/2018	2,45,000	4.27%	57,30,000	100%
8	Right Issue 19/09/2018	4,90,000	7.87%	62,20,000	100%
9	Right Issue 24/09/2018	4,90,000	7.30%	67,10,000	100%
10	Right Issue 25/09/2018	9,80,000	12.74%	76,90,000	100%
11	Right Issue 27/09/2018	23,10,000	23.1%	1,00,00,000	100%
12	Private Placement 14/12/2018	5,00,00,000	62.5%	6,00,00,000	75%
14	Private Placement 28/01/2019	226,50,000	17.40%	826,50,000	63.50%
15	At the end of the year	826,50,000	55.1%	826,50,000	55.1%

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. 01.04.2018		Cumulative Shareholding during the year, up to 31.03.2019	
		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	0	0	0	0%
2	Private Placement 14/12/2018	2,00,00,000	25%	2,00,00,000	25%
3	Private Placement 24/12/2018	2,00,00,000	20%	4,00,00,000	40%
4	Private Placement 28/01/2019	75,00,000	5.76%	4,75,00,000	36.49%
5	Private Placement 28/02/2019	1,98,50,000	13.23%	6,73,50,000	44.90%

v) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shri Ranjan Sharma (Managing Director)	Shareholding at the beginning of the year w.e.f. 07/12/2017		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	0.001%	1	0.001%
	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	0.001%	1	0.000006%

SN	Shri Sandeep Malhotra (Director)	Shareholding at the beginning of the year w.e.f. 07/12/2017		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	0.001%	1	0.001%
	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	0.001%	1	0.000006%



## 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
<b>Indebtedness at the beginning of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>	NIL	NIL	NIL	NIL
• Addition	25,00,00,000	28,15,00,000	-	-
• Reduction	25,00,00,000	28,15,00,000	-	-
<b>Net Change</b>	0	0	NIL	NIL
<b>Indebtedness at the end of the financial year</b>	NIL	NIL	NIL	NIL
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	NIL	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 w.e.f 08/12/2017
1	Gross Salary (in `)	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
	<b>Total (A)</b>	<b>NIL</b>

**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)	1,00,000
(b)	Commission	NIL
(c)	Others, please specify	NIL
	Total (in `)	1,00,000

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

S. No	Particulars of Remuneration	Remuneration to KMP's	
		CFO	Company Secretary
		<b>Rakesh Dhasmana</b> w.e.f. 21.01.2019	<b>Deepika Singh</b> w.e.f. 21.01.2019
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	6,14,280	1,00,975
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	1,00,975

**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)
<b>A. COMPANY</b>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR KISAN RURAL FINANCE LIMITED**

Date: 26.07.2019  
Place: New Delhi

  
Sandeep Mahotra  
Director  
DIN: 00343938



  
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	<b>Holding Enterprise</b>	Indian Farmers Fertiliser Cooperative Limited (IFFCO)
2	<b>Fellow Subsidiary</b>	IFFCO Kisan Sanchar Limited
3	<b>Fellow Subsidiary</b>	IFFCO-Tokio General Insurance Company Limited
4	<b>Associate Company</b>	Star Global Resources 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	<b>Managing Director</b>	Mr Ranjan Sharma
2	<b>CFO</b>	Mr. Rakesh Dhasmana

**(b) Nature of contracts/ arrangements/ transactions:**

Loan taken, Loan repaid, Purchase of property plant and equipment, Rent, Other Miscellaneous Expenses, Reimbursement of Expenses and Interest Paid by Kisan Rural Finance Limited to its related parties

**(c) Duration of the contracts / arrangements / transactions: 2018-19**

(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	2018-19 (Amount in Rs.)
IFFCO Kisan Sanchar Limited	Fellow Subsidiary	Loan taken	10,00,00,000 ✓
		Loan repaid	10,00,00,000
		Interest paid	16,11,136
		Other expenses	5,71,548
		Purchase of property plant and equipment and intangible asset	12,38,100
		Reimbursement of Expenses	22,513
Star Global Resources Limited	Associate Company	Loan taken	18,15,00,000
		Loan repaid	18,15,00,000
		Interest paid	19,04,828
Indian Farmers Fertiliser Cooperative Limited (IFFCO)	Holding Enterprise	Rent	6,75,948
		Reimbursement of Expenses	18,42,841
Mr Ranjan Sharma	Managing Director	Reimbursement of Expenses	72,515
Mr Rakesh Dhasmana	CFO	Reimbursement of Expenses	21,977


(e) **Date(s) of approval by the Board, if any:** Loan taken from IFFCO Kisan Sanchar Limited was approved by the Board on 30 08 2018 and Loan taken from Star Global Resources Limited was approved by the Board on 25 10 2018

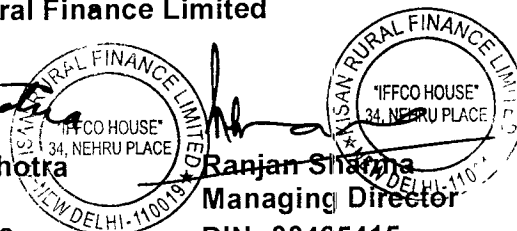
(f) **Amount paid as advances, if any:** Rs 14,44,253 paid to IFFCO-Tokio General Insurance Company Limited

On behalf of the Board,  
For Kisan Rural Finance Limited

Date: 26.07.2019  
Place: New Delhi

  
Sandeep Malhotra  
Director  
DIN: 00343938

  
Ranjan Sharma  
Managing Director  
DIN: 00425415



**AUDITORS' REPORT  
TO THE MEMBERS OF  
KISAN RURAL FINANCE LIMITED**

The Board of Directors  
Kisan Rural Finance Limited

Dear Sirs,

As required under the Reserve Bank of India's (RBI) Master Direction DNBS.PPD.03/66.15.001/2016-17 dated September 29, 2016 ("Master Direction"), on the basis of our audit of the books of account and other records of the Company for the year ended 31 March 2019 in accordance with the Generally Accepted Auditing Standards and according to the information, explanations and representations given to us by the Management we report as follows in terms of paragraphs 3 and 4 of the Master Direction:

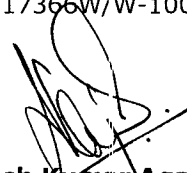
1. The Company is engaged in the business of non-banking financial institution as defined in section 45-I (a) of the Reserve Bank of India Act, 1934 and meeting the Principal Business Criteria (Financial asset/ income pattern) as laid down vide the Bank's press release dated April 08, 1999. The Company has obtained Certification of Registration (CoR) bearing No. N-14.03423 dated 11 June 2018 from Reserve bank of India.
2. The Company is entitled to continue to hold the CoR in terms of its Principal Business Criteria based on its asset / income pattern as on 31 March 2019.
3. The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board of Directors has passed a resolution 25 October 2018 for non-acceptance of public deposits.
5. The Company has not accepted any public deposit during the year.



**Deloitte  
Haskins & Sells LLP**

6. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

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



**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No. 105546)

Place: Gurugram

Date: 04/06/2019



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KISAN RURAL FINANCE LIMITED Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Kisan Rural Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

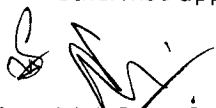
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards 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 2019, and its loss, 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.

#### 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 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 do 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 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.

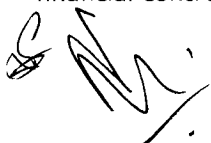
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **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.

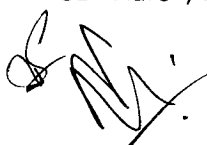
Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (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.

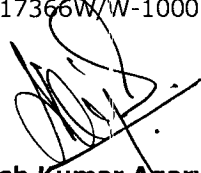
### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 relevant 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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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, 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
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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)

Place: Gurugram  
Date: 04/06/2019



**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 **Kisan Rural Finance Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting of the Company's which is a company incorporated in India.

**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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 generally 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.

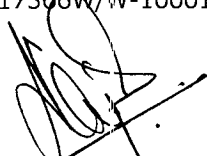
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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 2019, 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)

Place: Gurugram  
Date: 04/06/2019



**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 fixed assets.
- (b) The fixed assets 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 fixed assets 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) In our opinion and according to information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and 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.
- (vi) In our opinion and according to information and explanations given to us, 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, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Customs Duty is not applicable to the Company



- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Customs Duty and Goods and Service Tax, as on 31 March 2019 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 from banks. The Company has not issued any debentures. The company has not taken any loans or borrowings from financial institution (other than scheduled banks) and government.
  - (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
  - (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

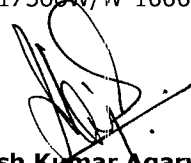


**Deloitte  
Haskins & Sells LLP**

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)

Place: Gurugram  
Date: 04/06/2019





KISAN RURAL FINANCE LIMITED

Balance sheet as at 31-03-2019

(All amounts in rupees, unless otherwise stated)

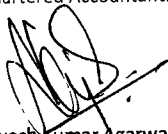
Particulars	Note No.	As at 31-03-2019	As at 31-03-2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	3	1,50,00,00,000	3,00,00,000
(b) Reserves and surplus	4	(3,17,07,787)	(47,97,600)
		<u>1,46,82,92,213</u>	<u>2,52,02,400</u>
<b>(2) Non- Current Liabilities</b>			
(a) Long-term provisions	5	62,14,214	-
		<u>62,14,214</u>	<u>-</u>
<b>(3) Current Liabilities</b>			
(a) Short term borrowings	6	-	20,78,840
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	2,32,35,041	24,07,153
(c) Other current liabilities	8	32,99,382	1,19,910
		<u>2,65,34,423</u>	<u>46,05,903</u>
<b>TOTAL</b>		<u><b>1,50,10,40,850</b></u>	<u><b>2,98,08,303</b></u>
<b>II ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed assets			
(i) Property plant & equipment	9	85,10,672	40,31,537
(ii) Intangible assets	9	64,00,748	-
(iii) Intangible assets under development	10	-	25,00,000
(b) Loans and advances	11	4,56,570	41,692
(c) Long term receivables under financing activities	13	98,77,23,232	-
		<u>1,00,30,91,222</u>	<u>65,73,229</u>
<b>(2) Current Assets</b>			
(a) Cash and cash equivalents	14	1,29,49,681	2,17,25,113
(b) Receivables under financing activities	15	38,71,48,042	-
(c) Short-term loans and advances	16	6,49,29,187	14,56,169
(d) Other current assets	17	3,29,22,718	53,792
		<u>49,79,49,628</u>	<u>2,32,35,074</u>
<b>TOTAL</b>		<u><b>1,50,10,40,850</b></u>	<u><b>2,98,08,303</b></u>

See accompanying notes forming part of the financial statements


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In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of Board of Directors

  
Rajesh Kumar Agarwal  
Partner

  
Ranjan Sharma  
Managing Director  
Din No 00425415

  
Sandeep Malhotra  
Director  
Din No 00343938

  
Rakesh Dhasmana  
Chief Financial Officer

  
Deepika Singh  
Company Secretary

Place: Gurugram  
Date: 04/06/2019

Place: New Delhi  
Date: 04/06/2019



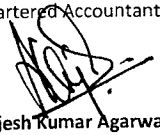
**KISAN RURAL FINANCE LIMITED**  
**Statement of profit and loss for the period ended 31-03-2019**  
(All amounts in rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>I. Income</b>			
(a) Revenue from operations	18	6,85,59,115	-
(b) Other income	19	63,56,753	4,16,917
<b>Total Income</b>		<b>7,49,15,868</b>	<b>4,16,917</b>
<b>II. Expenses</b>			
(a) Employee benefits expense	20	5,55,68,104	7,45,814
(b) Depreciation and amortisation expense	9	42,45,909	89,353
(c) Other expenses	21	6,13,32,421	43,79,350
(d) Provisions and contingencies	22	55,07,723	-
(e) Finance cost	23	48,71,898	-
<b>Total Expenses</b>		<b>13,15,26,055</b>	<b>52,14,517</b>
<b>III. Profit/(Loss) before tax</b>		<b>(5,66,10,187)</b>	<b>(47,97,600)</b>
<b>IV. Tax expense</b>			
(a) Current tax		-	-
(b) Deferred tax	12	-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>V. Profit/(Loss) after tax for the year (III-IV)</b>		<b>(5,66,10,187)</b>	<b>(47,97,600)</b>
<b>Basic earning per share (INR)</b>	24	<b>(1.45)</b>	<b>(1.60)</b>
<b>Diluted earning per Share (INR)</b>	24	<b>(1.45)</b>	<b>(1.60)</b>
(Face value per share INR 10)			

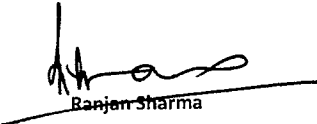
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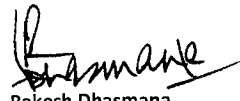
See accompanying notes forming part of the financial statements


In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Rajesh Kumar Agarwal  
Partner

For and on behalf of Board of Directors

  
Ranjan Sharma  
Managing Director  
Din No 00425415

  
Rakesh Dhasmana  
Chief Financial Officer

  
Sandeep Malhotra  
Director  
Din No 00343938

  
Deepika Singh  
Company Secretary

Place: Gurugram  
Date: 04/06/2019

Place: New Delhi  
Date: 04/06/2019



KISAN RURAL FINANCE LIMITED

Cash flow statement for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>A. Cash flow from operating activities</b>		
Profit / (Loss) before extraordinary items and tax	(5,66,10,187)	(47,97,600)
<b>Adjustments for:</b>		
Interest Income	(5,33,01,804)	
Interest Expenses	48,42,398	
Depreciation and amortisation expense	42,45,909	89,353
(Profit) on sale of current investment	(44,06,647)	-
(Income) from FDR	(90,107)	(4,16,917)
Contingent provision against standard assets	55,07,723	-
<b>Operating profit / (loss) before working capital changes</b>	<b>(9,98,12,715)</b>	<b>(51,25,164)</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
<b>Assets:</b>		
Short-term loans and advances	(6,34,73,018)	(14,56,169)
Long-term loans and advances	(3,63,342)	-
Long-term receivables under financing activity	(98,77,23,232)	-
Short-term receivables under financing activity	(38,71,48,042)	-
Other current assets	-	(53,792)
Adjustments for increase / (decrease) in operating liabilities		
<b>Liabilities:</b>		
Trade payables	2,08,27,888	24,07,153
Other current liabilities	31,79,472	1,19,910
Long term provision	7,06,491	-
<b>Cash generated from operations</b>	<b>(1,51,38,06,498)</b>	<b>(41,08,062)</b>
Interest received	2,03,79,086	
Interest paid	(48,42,398)	
Taxes paid	(51,536)	(41,692)
<b>Net cash flow from operating activities (A)</b>	<b>(1,49,83,21,346)</b>	<b>(41,49,754)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(1,26,25,791)	(66,20,890)
Interest on fixed deposit	1,43,899	4,16,917
Profit on sale of short term investment	44,06,647	-
<b>Net cash flow from investing activities (B)</b>	<b>(80,75,245)</b>	<b>(62,03,973)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	1,47,00,00,000	3,00,00,000
Securities premium	2,97,00,000	-
Proceeds from redemption of fixed deposits	2,02,00,000	-
Investment in fixed deposits	-	(2,02,00,000)
Proceeds from short-term borrowings	53,15,00,000	20,78,840
Repayment of short-term borrowings	(53,35,78,840)	-
<b>Net cash flow from financing activities (C)</b>	<b>1,51,78,21,160</b>	<b>1,18,78,840</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,14,24,569</b>	<b>15,25,112</b>
Cash and cash equivalents at the beginning of the year	15,25,112	-
<b>Cash and cash equivalents at the end of the year</b>	<b>1,29,49,681</b>	<b>15,25,112</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants


Rajesh Kumar Agarwal  
Partner



Place: Gurugram  
Date: 04/06/2019


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For and on behalf of Board of Directors

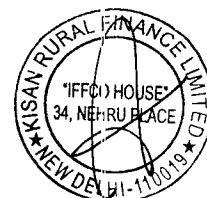
  
Ranjan Sharma  
Managing Director  
Din No 00425415

  
Rakesh Dhasmana  
Chief Financial Officer

Place: New Delhi  
Date: 04/06/2019

  
Sandeep Malhotra  
Director  
Din No 00343938

  
Deepika Singh  
Company Secretary



## **Note 1: Corporate Information:**

The Company KISAN RURAL FINANCE LIMITED was incorporated on 7th December 2017 vide Registration No. U65929DL2017PLC326899 under The Companies Act, 2013 to run primarily as a Non-Banking Financial Company for penetrating financing in rural areas. The Company is registered as Non-Banking financial (Non deposit accepting) Company with the Reserve Bank of India (RBI) bearing Registration No. N-14.03423 The Company is engaged predominantly in financing of vehicles. It received the Certificate of Registration from Reserve Bank of India on 11<sup>th</sup> June 2018.

It is a subsidiary of Indian Farmers Fertiliser Cooperative Ltd (IFFCO).

## **Note 2: Significant Accounting Policies**

### **1. Basis of accounting and preparation of the 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 guideline issued by Reserve Bank of India (RBI). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### **2. Use of Estimates**

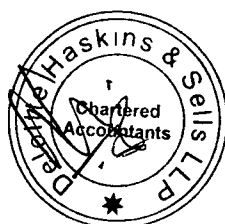
The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes 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 recognized in the periods in which the results are known / materialize.

### **3. Cash and cash equivalents**

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.

### **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.



## 5. Depreciation and amortization

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

Depreciation on tangible fixed assets 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 taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Furniture – 5 Years

Mobile & Tablet – 2 Years

Printer- 3 Year

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

Intangible Assets including Loan Management System (Nucleus): 3 Years

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

## 6. Revenue Recognition

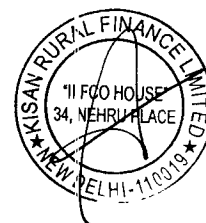
i. Interest income on retail loans is recognised on accrual basis. Interest income on other loans is accounted after applying interest rate as per the contract. In case of non-performing assets (NPAs), interest income is recognized on receipt basis as per RBI guidelines. Interest recognised as income 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 recognised on disbursement of loan.

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

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

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



## 7. Financing Activities

- i. The loans to borrowers are stated at the contract value after netting off amount written off.
- ii. The Company follows the prudential norms of RBI on Income recognition, Asset classification, Provisioning requirement, etc. issued from time to time. The Company provides 0.40% provision on standard assets as against requirement of 0.25% as stipulated by RBI.

## 8. Loan origination and recovery cost

Loan origination and recovery costs such as credit verification, fee for agreement stamping, Dealer payout, valuation charges etc. are recognized as expense in the year when they are incurred.

## 9. Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

## 10. Fixed Assets

### a. Property Plant & Equipment

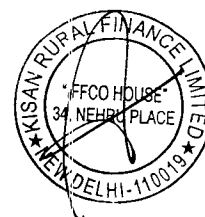
Property plant & equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property Plant & Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the 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. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Property plant & equipment 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.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### b. Intangible Assets :

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets



Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

#### **11. Foreign currency transactions and translations**

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.

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.

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.

#### **12. Investments**

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.

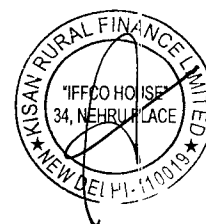
Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with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

Quoted Current Investment are carried in the financial statements at lower of cost and fair value computed category wise. Unquoted investments in units of mutual fund are stated at cost or net asset value, whichever is lower.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged/credited to the statement of profit & Loss.

#### **13. Retirement and Other Employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet



date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company currently operates only one defined benefit plans for its employees, i.e. Gratuity. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

#### **14. 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.

#### **15. Leases**

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

#### **16. Earnings per share**

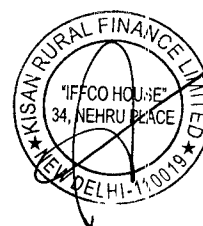
Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, 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.

#### **17. Provisions and contingencies**

##### **a. Provisions (other than that for non-performing assets) and contingent liabilities**

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 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.

##### **b. Provisions for non-performing assets, contingencies and reserves**





The policy of provisioning against non-performing assets has been decided by the management considering norms prescribed by the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

#### 18. 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.

#### 19. GST tax input credit

GST 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 / utilizing the credits.

#### 20. Tax 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.

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.

#### 21. Operating Cycle

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. The Company is engaged in financing business and amount which is recoverable after one year as per terms of financing /leasing arrangement has been classified as non-current assets.



**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

**Note No. 3 - Share capital**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Authorised</b>		
Equity Shares of INR 10 each	1,50,00,00,000	20,00,00,000
<b>Issued &amp; Subscribed &amp; Fully Paid up</b>		
Equity Shares of INR 10 each fully paid up	1,50,00,00,000	3,00,00,000
<b>Total</b>	<b>1,50,00,00,000</b>	<b>3,00,00,000</b>

**3.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity shares of INR 10 each with voting rights</b>				
Opening balance	30,00,000	3,00,00,000	-	-
Issued during the year	14,70,00,000	1,47,00,00,000	30,00,000	3,00,00,000
<b>Outstanding at the end of the year</b>	<b>15,00,00,000</b>	<b>1,50,00,00,000</b>	<b>30,00,000</b>	<b>3,00,00,000</b>

3.2 The Company has only one class of equity shares having par value of INR 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 2019, and 31 March 2018, no dividend was declared. 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.

**3.3 Shares held by holding and/or their subsidiaries/associates**

Name of shareholder	Equity shares As at 31-03-2019		Equity shares As at 31-03-2018	
	Number of shares held	% of holding	Number of shares held	% of holding
Indian Farmers Fertiliser Cooperative Limited	7,26,50,000	48.43%	-	-
IFFCO Kisan Sanchar Limited	1,00,00,000	6.67%	30,00,000	100.00%

**3.4 Details of shareholders holding more than 5% shares in the company**

Name of shareholder	Equity shares As at 31-03-2019		Equity shares As at 31-03-2018	
	Number of shares held	% of holding	Number of shares held	% of holding
Indian Farmers Fertiliser Cooperative Limited	7,26,50,000	48.43%	-	-
IFFCO Kisan Sanchar Limited	1,00,00,000	6.67%	30,00,000	100.00%
Star Global Resources Limited	2,50,00,000	16.67%	-	-
Star Global Investment Trust	1,25,00,000	8.33%	-	-
Aurum Smart City Private Limited	1,50,00,000	10.00%	-	-
ICICI Bank Limited	1,48,50,000	9.90%	-	-
<b>Total</b>	<b>15,00,00,000</b>	<b>100.00%</b>	<b>30,00,000</b>	<b>100.00%</b>

3.5 During the year 1,48,50,000 equity share of Rs 10 each were issued at premium of Rs 2 per share to ICICI Bank Limited.

**Note No. 4 - Reserves and surplus**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Securities Premium</b>		
Opening balance	-	-
Add Additions during the year	2,97,00,000	-
Closing balance	<b>2,97,00,000</b>	-
<b>Retained Earnings</b>		
Deficit in the Statement of profit and loss	(47,97,600)	-
Add Amount transferred from the statement of profit and loss in the current year	(5,66,10,187)	(47,97,600)
Closing balance	<b>(3,17,07,787)</b>	<b>(47,97,600)</b>

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. However as the Company is in losses no amount has been transferred to a separate reserve fund.



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**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

**Note No. 5 - Long term provisions**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Provision for employee benefits</b>		
Provision for gratuity	7,06,491	-
<b>Provision against standard assets</b>		
Opening balance	-	-
Add Addition during the year	55,07,723	-
Closing balance	55,07,723	-
<b>Total</b>	<b>62,14,214</b>	<b>-</b>

**Note No. 6 - Short term borrowings**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Unsecured</b>		
Loan from related party (Refer Note No 28)	-	20,78,840
<b>Total</b>	<b>-</b>	<b>20,78,840</b>

**Note No 7 - Trade payables**

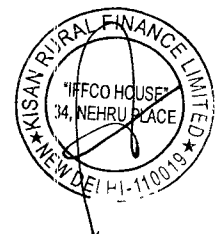
Particulars	As at 31-03-2019	As at 31-03-2018
Total outstanding dues of micro enterprises and small enterprises (refer note 7 1)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,32,35,041	24,07,153
<b>Total</b>	<b>2,32,35,041</b>	<b>24,07,153</b>

7.1 Trade payables include the following dues to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31-03-2019	As at 31-03-2018
(i) Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year	-	-
Principal amount	-	-
Interest due thereon	-	-
(ii) Amount of payments made to suppliers beyond the appointed day during the year	-	-
Principal amount	-	-
Interest actually paid under section 16 of MSMED	-	-
(iii) Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
Interest accrued during the year	-	-
Interest remaining unpaid as at the end of the year	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid	-	-
(v) Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note No. 8 - Other current liabilities**

Particulars	As at 31-03-2019	As at 31-03-2018
Statutory dues payable	32,99,382	1,19,910
<b>Total</b>	<b>32,99,382</b>	<b>1,19,910</b>



KISAN RURAL FINANCE LIMITED

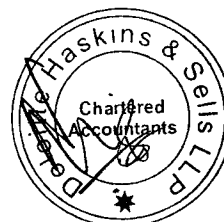
Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

Note. 9 - Fixed assets

Particular	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance As at 31.03.2018	Additions	Disposals	Balance As at 31.03.2019	Balance As at 31.03.2018	Depreciation and amortisation expenses for the year	Balance As at 31.03.2019	Balance As at 31.03.2019
<b>Property Plant and Equipment</b>								
<b>Furniture &amp; Fixtures</b>	6,45,273	1,22,718	-	7,67,991	8,102	1,45,160	1,53,262	6,14,729
(Previous Year)	-	(6,45,273)	-	(6,45,273)	-	(8,102)	(8,102)	(6,37,171)
<b>Computer and Information technology equipment</b>	2,24,851	46,60,527	-	48,85,378	1,898	9,20,702	9,22,600	39,62,778
(Previous Year)	-	(2,24,851)	-	(2,24,851)	-	(1,898)	(1,898)	(2,22,953)
<b>Office equipment</b>	88,632	25,61,336	-	26,49,968	2,428	7,45,539	7,47,967	19,02,001
(Previous Year)	-	(88,632)	-	(88,632)	-	(2,428)	(2,428)	(86,204)
<b>Lease hold improvements</b>	31,62,135	-	-	31,62,135	76,925	10,54,045	11,30,970	20,31,165
(Previous Year)	-	(31,62,135)	-	(31,62,135)	-	(76,925)	(76,925)	(30,85,210)
<b>Total</b>	41,20,890	73,44,580	-	1,14,65,471	89,353	28,65,446	29,54,799	85,10,671
(Previous Year)	-	(41,20,890)	-	(41,20,891)	-	(89,353)	(89,353)	(40,31,537)
<b>Intangible assets</b>								
Computer Software*	-	77,81,211	-	77,81,211	-	13,80,463	13,80,463	64,00,748
(Previous Year)	-	-	-	-	-	-	-	-

\* Computer software addition include INR 25,00,000 opening intangible assets under development



**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

**Note No. 10 - Intangible assets under development**

Particulars	As at 31-03-2019	As at 31-03-2018
Loan management system	-	25,00,000
<b>Total</b>	<b>-</b>	<b>25,00,000</b>

**Note No. 11 - Loan and advances**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Unsecured, considered good</b>		
Security deposits	3,63,342	-
Advance Income Tax (net of provision for tax of Rs Nil as on March 31.2019 and March 31.2018 )	93,228	41,692
<b>Total</b>	<b>4,56,570</b>	<b>41,692</b>

**Note No. 12 - Deferred tax assets**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Deferred tax liability</b>		
On account of property, plant and equipment	(90,923)	(1,62,432)
<b>Deferred tax liability</b>	<b>(90,923)</b>	<b>(1,62,432)</b>
<b>Deferred tax asset</b>		
Carry forward business loss	1,10,60,122	4,12,773
Preliminary expenses	3,09,580	-
Provision for expenses disallowed under section 43B of Income tax act, 1961	16,15,696	-
<b>Net Deferred Tax Asset</b>	<b>1,29,85,398</b>	<b>4,12,773</b>
	<b>1,28,94,475</b>	<b>-</b>
	<b>-</b>	<b>-</b>

**Deferred tax asset recognised**

(The Company has been in losses in the current and previous year, so deferred tax asset has not been recognised in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised)

**Note No. 13 - Long term receivables under financing activities**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Receivables under financing activities</b>		
Secured, considered good*	98,77,23,232	-
<b>Total</b>	<b>98,77,23,232</b>	<b>-</b>

\*Currently there have been no overdue interest and principal amount outstanding as at 31-03-2019 Accordingly no provision for non-performing assets have been created Further The Company provides 0 40% provision on standard assets as against requirement of 0 25% as stipulated by RBI

**Note No. 14 - Cash and cash equivalents**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>A) Cash and Cash Equivalents (as per AS-3 Cash flow statements)</b>		
Balances with Banks		
In Current Account	1,29,48,623	15,24,055
Cash on Hand	1,058	1,058
<b>Total Cash and Cash Equivalents (as per AS-3 Cash flow statements)</b>	<b>1,29,49,681</b>	<b>15,25,113</b>
<b>B) Other Bank Balances</b>		
In fixed deposits with original maturity of more than three months	-	2,02,00,000
<b>Total (A+B)</b>	<b>1,29,49,681</b>	<b>2,17,25,113</b>

**Note No. 15 - Receivables under financing activities**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Receivables under financing activities</b>		
Secured, considered good	38,71,48,042	-
<b>Total</b>	<b>38,71,48,042</b>	<b>-</b>



**Note No. 16 - Short-term loans and advances**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>Unsecured, considered good</b>		
Balance with government authorities (GST)	20,83,717	14,56,169
Trade advance to dealer	6,19,11,219	-
Other advance	9,34,251	-
<b>Total</b>	<b>6,49,29,187</b>	<b>14,56,169</b>

**Note No. 17- Other current assets**

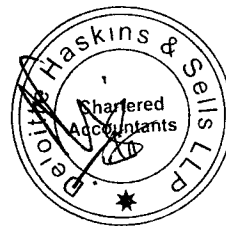
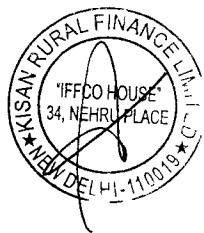
Particulars	As at 31-03-2019	As at 31-03-2018
Interest accrued but not due on Receivables under financing activities	3,29,22,718	-
Interest accrued on fixed deposit	-	53,792
<b>Total</b>	<b>3,29,22,718</b>	<b>53,792</b>

**Note No. 18 - Revenue from operations**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Interest income	5,33,01,804	-
Processing fees	1,09,70,370	-
Valuation, stamping and other charges	27,11,905	-
Interest Income from dealers	15,75,037	-
<b>Total</b>	<b>6,85,59,116</b>	<b>-</b>

**Note No. 19 - Other income**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Interest Income on fixed deposits with bank	90,106	4,16,917
Profit on sale of current investment	44,06,646	-
Income from advertisement	18,60,000	-
<b>Total</b>	<b>63,56,752</b>	<b>4,16,917</b>



**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

**Note No. 20 - Employee benefits expenses**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Salary and Wages	4,95,63,306	7,45,814
Contribution to provident and other funds	39,64,471	-
Gratuity expense	7,06,491	-
Staff welfare expenses	13,33,836	-
<b>Total</b>	<b>5,55,68,104</b>	<b>7,45,814</b>

**Note No. 20.1 Disclosure in accordance with the Accounting Standard 15 (revised 2005)**

**a) Defined contribution and other plan**

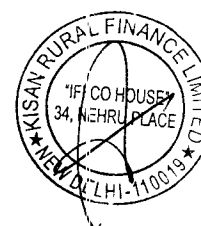
Particular	For the year ended 31-03-2019	For the year ended 31-03-2018
Administrative Expenses	64,526	-
Employer's Contribution to provident fund	11,43,239	-
Employer's Contribution to pension scheme	14,54,472	-
Employer's Contribution to ESI	9,37,440	-
<b>Total</b>	<b>35,99,677</b>	<b>-</b>

**Note No: 20.2 Defined benefit plan (Gratuity)**

S.No. Particulars	Gratuity (Unfunded) as at 31-03-2019	Gratuity (Unfunded) as at 31-03-2018
<b>i Reconciliation of Opening and closing balance of present Value of defined benefit obligations (PVO)-</b>		
a PVO at the beginning of the period	-	-
b Current Service Cost	7,06,491	-
c Interest Cost	-	-
d Actuarial (gain)/loss	-	-
e. Benefit Paid	-	-
f Past Service Cost	-	-
g PVO at the end of the period	7,06,491	-
<b>ii Amount recognized in the statement of Profit &amp; Loss:-</b>		
a Current Service Cost	7,06,491	-
b Interest Cost	-	-
c Actuarial (gain)/loss	-	-
d Past Service Cost	-	-
<b>Net Cost</b>	<b>7,06,491</b>	<b>-</b>
<b>iii Amount recognized in the Balance Sheet:-</b>		
a PVO at the end of the period	7,06,491	-
b Funded Status	-	-
c Net Liability recognized in the Balance Sheet	7,06,491	-
Non- Current Portion	7,06,491	-
Current Portion	-	-

**Assumptions Used in accounting for the benefit Plan**

S.No Particular	Gratuity (Unfunded) as at 31-03-2019	Gratuity (Unfunded) as at 31-03-2018
a. Discount rate (%)	7.75%	-
b Salary Escalation rate (%)	7.50%	-
c Expected Average remaining working life of employees (period in years)	-	-
d Retirement age	60 Years	-
e Mortality rate	% of IALM 06-08	-
f Experience adjustment	-	-
g Attrition Rate	-	-
Up to 30 years	3.00%	-
31-44 years	1.00%	-
Above 44 Years	0.25%	-



**KISAN RURAL FINANCE LIMITED****Notes forming part of the financial statements for the year ended 31-03-2019**

(All amounts in rupees, unless otherwise stated)

**Note No. 21 - Other expenses**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Rent expenses	21,30,866	99,435
Communication expenses	14,79,047	12,743
Printing & stationery	10,19,596	20,220
Travelling expense	59,72,858	2,78,894
Repair & maintenance	14,70,320	24,177
Rates & taxes	1,58,75,894	-
Legal & professional charges	61,63,771	16,52,878
Branding & promotion	17,96,313	1,25,800
Sales incentives	2,27,71,512	-
Auditor's remuneration	6,50,000	40,000
Preliminary expenses	-	19,84,485
Director sitting fees	1,00,000	25,000
Miscellaneous expenses	19,02,244	1,15,718
<b>Total</b>	<b>6,13,32,421</b>	<b>43,79,350</b>

**Provision and /or Payment in respect of Auditor's remuneration**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Audit fees	5,00,000	40,000
Certification fees	50,000	-
Out of pocket expenses	1,00,000	-
<b>Total</b>	<b>6,50,000</b>	<b>40,000</b>

**Note No. 22 - Provisions and contingencies**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Provision on standard assets	55,07,723	-
<b>Total</b>	<b>55,07,723</b>	<b>-</b>

**Note No. 23 - Finance cost**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Interest on short term borrowings*	48,42,398	-
Bank Charges	29,500	-
<b>Total</b>	<b>48,71,898</b>	<b>-</b>

\* During the year the company has taken short term loan from AU Small Finance Bank Limited amounting to INR 25,00,00,000, unsecured loan amounting to INR 18,15,00,000 from Star Global Resources Limited and unsecured loan amounting to INR 10,00,00,000 from Ifcco Kisan Sanchar Limited which has been repaid during the year





**KISAN RURAL FINANCE LIMITED**

**Notes forming part of the financial statements for the year ended 31-03-2019**

(All amounts in rupees, unless otherwise stated)

**Note No. 24 Earning per share**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-'018
<b>Basic</b>		
Profit / (loss) for the year	(5,66,10,187)	(47,97,600)
Weighted average number of equity shares (Nos )	3,91,16,712	30,00,000
Par value per share	10	10
<b>Basic Earnings Per Share (INR)</b>	<b>(1.45)</b>	<b>(1.60)</b>
<b>Diluted</b>		
Profit / (loss) for the year	(5,66,10,187)	(47,97,600)
Profit / (loss) attributable to equity shareholders (On dilution)	(5,66,10,187)	(47,97,600)
Weighted average number of equity shares (Nos )	3,91,16,712	30,00,000
Par value per share	10	10
<b>Diluted earnings per share (INR)</b>	<b>(1.45)</b>	<b>(1.60)</b>

**Note No 25 Segment reporting**

As the Company's business activity falls within a single primary business segment viz "Financial Services" the disclosure requirements of accounting standard (AS-17)"Segment Reporting", notified in the companies (Accounting Standards) Rules, 2006 are not applicable.

**Note No 26 Operating lease**

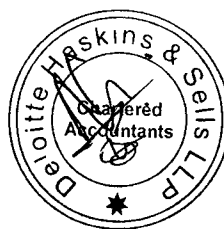
The Company has entered into operating lease agreement for leased premises and are cancellable in nature. Aggregate lease rental amounting to INR 21.30 Lakhs (Previous Year INR 1 Lakhs) has been Charged to Statement of profit and Loss.

**Note No 27 Contingent liabilities and commitments (to the extent not Provided for)**

Particulars	As at 31-03-2019	As at 31 03-2018
Contingent liability *	-	-
<b>Capital commitment #</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	50,00,000	75,00,000
(ii) Loan sanctioned but not disbursed	8,62,761	-
<b>Total</b>	<b>58,62,761</b>	<b>75,00,000</b>

# 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 long-term contracts including derivatives contracts for which there were any material foreseeable losses.

\*There are no pending undisclosed litigation which could impact the financial position of the Company.



**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

(All amounts in rupees, unless otherwise stated)

**Note No. 28 - Related party disclosure****Related party disclosure under accounting standard 18****Related party where control exists**

Holding company Indian Farmers Fertiliser Cooperative Ltd (IFFCO)

**Related parties under AS 18 with whom transactions have taken place during the year**

Holding company Indian Farmers Fertiliser Cooperative Ltd (IFFCO)  
 Fellow Subsidiary IFFCO Kisan Sanchar Limited  
 Fellow Subsidiary IFFCO-Tokio General Insurance Company Limited  
 Associate Company Star Global Resources Limited

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

Mr Ranjan Sharma, Managing Director  
 Mr Rakesh Dhasmana Chief Financial Officer

Nature of transaction	Holding Company	Fellow Subsidiaries	Associate Company	Other	Total
1 Loan taken (Previous Year)	- (-)	10,00,00,000 (-)	18,15,00,000 (-)	- (-)	28,15,00,000 (-)
2 Loan repaid (Previous Year)	- (-)	10,00,00,000 (-)	18,15,00,000 (-)	- (-)	28,15,00,000 (-)
3 Purchase of Property Plant and Equipment (Previous Year)	- (-)	12,38,100 (-)	- (-)	- (-)	12,38,100 (-)
4 Rent (Previous Year)	6,75,948 (57,024)	- (-)	- (-)	- (-)	6,75,948 (57,024)
5 Other Expenses (Previous Year)	- (-)	5,71,548 (-)	- (-)	- (-)	5,71,548 (-)
6 Reimbursement of expenses (Previous Year)	18,42,841 (-)	22,513 (20,78,840)	- (-)	94,492 (-)	19,59,846 (20,78,840)
7 Interest Paid (Previous Year)	- (-)	16,11,136 (-)	19,04,828 (-)	- (-)	35,15,964 (-)

Balances outstanding at the end of the year	Holding Company	Fellow Subsidiaries	Associate Company	Other	Total
Other Advances (Previous Year)	- (-)	14,44,253 34 (-)	- (-)	- (-)	14,44,253 (-)
Trade payables (Previous Year)	27,769 (61,586)	2,77,798 (20,78,840)	- (-)	- (-)	3,05,567 (21,40,426)

**Note No 29**

There were no amounts which were required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act and Rules made thereunder

**Note No. 30**

The Hon'ble Supreme Court in a recent ruling has passed a judgement on the definition and scope of "Basic Wages" under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. As a matter of caution, the Company has made a provision on prospective basis from the date of such ruling, i.e. March 1, 2019. The Company will update its provision on receiving further clarity on this matter.



**KISAN RURAL FINANCE LIMITED**

Notes forming part of the financial statements for the year ended 31-03-2019

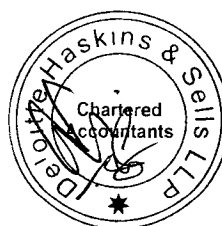
(All amounts in rupees, unless otherwise stated)

**Note No 31 - 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 September 1, 2016 as amended till February 22, 2019.**

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)

For carrying on the business of a non banking financial institution without accepting public deposits, the company has been registered under the section 45-IA of the Reserve Bank of India Act, 1934 on 11-06-2018

S.No	Particulars	As at 31-03-2019	
		Amount outstanding	Amount overdue
	<b>Liabilities side</b>		
1	<b>Loans and advances availed by non-banking financial company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures secured	-	-
	unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred credits	-	-
	(c) Term loans	-	-
	(d) Inter-corporate loans and borrowings	-	-
	(e) Commercial paper	-	-
	(f) Public deposits	-	-
	(g) Other loans (specify nature)	-	-
2	<b>Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>		
	(a) In the form of unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is	-	-
	(c) Other public deposits	-	-
	<b>Assets side</b>		
3	<b>Break-up of loans and advances including bills receivables [other than those</b>		
	(a) Secured	1,37,48,71,274	
	(b) Unsecured	6,53,85,757	
4	<b>Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>		
	(i) Lease assets including lease rentals under sundry debtors	-	-
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors	-	-
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards assets financing activities	-	-
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
5	<b>Break-up of Investment</b>		
	<b>Current Investment</b>		
1	<b>Quoted</b>		
	(i) Shares	-	-
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual fund	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
2	<b>Unquoted</b>		



(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual fund	-
(iv) Government securities	-
(v) Others (Please specify)	-

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

Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	1,37,48,71,274	6,53,85,757	1,44,02,57,031
<b>Total</b>	<b>1,37,48,71,274</b>	<b>6,53,85,757</b>	<b>1,44,02,57,031</b>

7 Investor group-wise classification of all investment (current and long term) in shares and securities (both quoted and

Category	Market value/Break up or fair value or NAV	Book value (Net of provisions)
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

8 Other information


(i) Gross non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net non-performing assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

During the year, the Company has not restructured any loan / advance given

Note No. 32

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

For and on behalf of Board of Directors



**Ranjan Sharma**  
Managing Director  
Din No 00425415



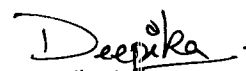
**Rakesh Dhasmana**  
Chief Financial Officer

Place: New Delhi

Date: 04/06/2019



**Sandeep Malhotra**  
Director  
Din No 00343938



**Deepika Singh**  
Company Secretary

