



## NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

(A financial institution constituted on July 12, 1982 by an Act of Parliament – The National Bank for Agriculture and Rural Development Act, 1981)

**Head Office:** Plot No. C-24, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

**Telephone:** +91 22 2653 9260 / 9844; **Facsimile:** +91 22 2653 0099 / 0137

**E-mail:** taxfree2016@nabard.org; **Website:** www.nabard.org

**Compliance Officer:** Mr. T. S. Sivasankaran

**Telephone:** +91 22 2653 9062; **Facsimile:** +91 22 2653 0099; **E-mail:** compliance.officer@nabard.org;

**Promoter:** President of India, through the Ministry of Finance, Government of India and Reserve Bank of India

**PUBLIC ISSUE BY NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ("NABARD" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED (THE "BONDS") FOR AN AGGREGATE AMOUNT OF ₹ 3,500\* CRORE DURING FISCAL 2016 (THE "ISSUE").**

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "SEBI Debt Regulations") and pursuant to Notification No. 59 / 2015 dated July 6, 2015, as amended by the Notification No. 6 / 2016 dated February 18, 2016 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India ("CBDT Notifications"), by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961, as amended (the "Income Tax Act").

\*In terms of the CBDT Notifications, the Issuer has been authorised to issue tax free, secured, redeemable, non-convertible bonds for an amount of ₹ 5,000 crore during the Fiscal 2016 of which at least 70.00% of aggregate amount of bonds is to be raised through public issue. Accordingly, the Issuer has already issued tax-free, secured, redeemable non-convertible bonds amounting to ₹ 1,500 crore being 30.00% of the allocated limit by way of private placement pursuant to the private placement offer letter dated February 23, 2016 and now plans to raise the balance ₹ 3,500 crore ("Issue Size") through this Issue. The Issuer shall ensure that bonds issued pursuant to the CBDT Notifications through public issue route and private placement route in Fiscal 2016 shall, in aggregate, not exceed ₹ 5,000 crore.

### GENERAL RISKS

Investors are advised to read the sections titled "Risk Factors" and "Outstanding Litigations and Material Developments - Material Developments" on pages 13 and 99 of this Prospectus carefully before taking an investment decision in relation to the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. This Prospectus has not been and will not be approved by any regulatory authority in India, including Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI") or any stock exchange in India.

### COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT AND ELIGIBLE INVESTORS

For details relating to coupon rate, coupon payment frequency, redemption date, redemption amounts and eligible investors, please see sections titled "The Issue", "Issue Structure" and "Terms of the Issue" on pages 24, 105 and 111 of this Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains and will contain all information with regard to the Issuer and the Issue, which is material in the context of the Issue; that the information contained in this Prospectus will be true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect at the time of the Issue.

### CREDIT RATING

The bonds proposed to be issued by the Issuer have been assigned a rating of "CRISIL AAA / Stable" by CRISIL by its letter dated February 19, 2016 and a rating of "IND 'AAA' / Stable" by India Ratings by its letter dated February 22, 2016, for an amount up to ₹ 5,000 crore. The instruments with these ratings are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. For the rationale for these ratings, please see "Credit Rating" appended as Annexure B to this Prospectus.

### PUBLIC COMMENTS

The Draft Prospectus dated February 23, 2016 was filed with BSE Limited ("BSE"), the Designated Stock Exchange, pursuant to Regulation 6(2) of the SEBI Debt Regulations on February 24, 2016. The Draft Prospectus was uploaded on the website of the Stock Exchange, www.bseindia.com and was open for public comments for a period of seven Working Days from the date of filing of the Draft Prospectus with the Designated Stock Exchange i.e., till 5:00 P.M. on March 3, 2016.

### LISTING

The Bonds are proposed to be listed on BSE, which is also the Designated Stock Exchange for the Issue. BSE has given its in-principle approval by its letter dated March 3, 2016.

### LEAD MANAGERS TO THE ISSUE

|   |  |   |  |   |
|---|--|---|--|---|
|   |  |   |  |   |
| <b>A. K. CAPITAL SERVICES LIMITED</b><br>30-39 Free Press House<br>3 <sup>rd</sup> Floor, Free Press Journal Marg<br>215 Nariman Point<br>Mumbai 400 021<br>Telephone:<br>+91 22 6754 6500 / 6634 9300<br>Facsimile: +91 22 6610 0594<br>Email: nabardtfb16@akgroup.co.in<br>Investor Grievance<br>Email: investor.grievance@akgroup.co.in<br>Website: www.akcapindia.com<br>Contact Person: Ms. Shilpa Pandey / Ms. Hena Mall Vaidya<br>Compliance Officer: Ms. Kanchan Singh<br>SEBI Registration No.: INM000010411 | <b>EDELWEISS FINANCIAL SERVICES LIMITED</b><br>Edelweiss House<br>Off CST Road, Kalina<br>Mumbai 400 098<br>Telephone: +91 22 4086 3535<br>Facsimile: +91 22 4086 3610<br>Email: nabardtf2015@edelweissfin.com<br>Investor Grievance<br>Email: customerservice.mb@edelweissfin.com<br>Website: www.edelweissfin.com<br>Contact Person: Mr. Lokesh Singhi/ Mr. Mandep Singh<br>Compliance Officer: Mr. B. Renganathan<br>SEBI Registration No.: INM0000010650 | <b>ICICI SECURITIES LIMITED</b><br>ICICI Centre, H.T. Parekh Marg<br>Churchgate<br>Mumbai 400 020<br>Telephone: +91 22 2288 2460<br>Facsimile: +91 22 2282 6580<br>Email: nabard.taxfreebonds@icicisecurities.com<br>Investor Grievance Email: customercare@icicisecurities.com<br>Website: www.icicisecurities.com<br>Contact Person: Mr. Anurag Byas / Mr. Govind Khetan<br>Compliance Officer: Mr. Subir Saha<br>SEBI Registration No.: INM000011179 | <b>RR INVESTORS CAPITAL SERVICES PVT. LTD.</b><br>47, M.M. Road, Rani Jhansi Marg<br>Jhandewalan<br>New Delhi 110 055<br>Telephone: +91 11 2363 6362<br>Facsimile: +91 11 2363 6746<br>Email: nabardtaxfree2016@rrfcl.com<br>Investor Grievance Email: investors@rrfcl.com<br>Website: www.rrfcl.com / www.rrfinance.com<br>Contact Person: Mr. Anurag Awasthi<br>Compliance Officer: Mr. Ravi Kant Goyal<br>SEBI Registration No.: INM000007508 | <b>SBI CAPITAL MARKETS LIMITED</b><br>202, Maker Tower E,<br>Cuffe Parade<br>Mumbai 400 005<br>Telephone: +91 22 2217 8300<br>Facsimile: +91 22 2218 8332<br>Email: nabardtaxfree@sbicaps.com<br>Investor Grievance<br>Email: investor.relations@sbicaps.com<br>Website: www.sbicaps.com<br>Contact Person: Mr. Nikhil Bhiwapurkar / Ms. Kavita Tanwani<br>Compliance Officer: Mr. Bhaskar Chakraborty<br>SEBI Registration No.: INM000003531 |

### BOND TRUSTEE FOR THE BONDHOLDERS



**AXIS TRUSTEE SERVICES LIMITED\***  
Axis House, Second Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 025  
Telephone: +91 22 2425 5215 / 5216; Facsimile: +91 22 2425 3000  
Email: debenturetrustee@axistrustee.com; Investor Grievance Email: complaints@axistrustee.com  
Website: www.axistrustee.com  
Contact Person: Mr. Jayendra Shetty, Chief Operating Officer  
SEBI Registration Number: IND000000494

### REGISTRAR TO THE ISSUE



**LINK INTIME INDIA PRIVATE LIMITED**  
C-13, Panamal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078  
Telephone: +91 22 6171 5400; Facsimile: +91 22 2596 0329  
Email: nabard.bonds@linkintime.co.in; Investor Grievance Email: nabard.bonds@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Mr. Dinesh Yadav  
SEBI Registration Number: INR000004058

### ISSUE PROGRAMME\*\*

**ISSUE OPENS ON:** March 9, 2016

**ISSUE CLOSES ON:** March 14, 2016

\* Axis Trustee Services Limited has by its letter dated February 22, 2016 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to the Issue.

\*\* The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, with an option for early closure or extension, except that the Issue may close on such earlier date or extended date as may be decided by the Board or a duly constituted committee or authorized person thereof. In the event of an early closure or extension of the Issue, the Issuer shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

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## SECTION I-GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Prospectus to “the Issuer” or “NABARD” are to National Bank for Agriculture and Rural Development, a financial institution constituted by National Bank for Agriculture and Rural Development Act, 1981 having its head office at Plot No. C-24, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Unless the context otherwise indicates, all references in this Prospectus to “we” or “us” or “our” are to the Issuer and its Subsidiaries each on a standalone basis.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

#### Issuer related terms

| Term                          | Description  |
|-------------------------------|--|
| Board / Board of Directors    | The board of directors of the Issuer or a duly constituted committee thereof.  |
| Chairman                      | The chairman of the Issuer appointed under Section 6 of the NABARD Act.  |
| Director                      | The director of the Issuer, unless otherwise specified.  |
| District Development Office   | The district development offices of the Issuer as disclosed in section titled “ <i>Our Business</i> ” on page 57 of this Prospectus. |
| Head Office                   | Plot No. C-24, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.   |
| NABARD / Issuer               | National Bank for Agriculture and Rural Development.   |
| Regional Offices              | The regional offices of the Issuer in the section titled “ <i>Our Business</i> ” on page 57 of this Prospectus.                      |
| Statutory Auditors / Auditors | The statutory auditors of the Issuer being M/s. G. M. Kapadia & Co.  |
| Subsidiaries                  | The subsidiaries of the Issuer, as stated in the section titled “ <i>Our Business</i> ” on page 69 of this Prospectus.               |

#### Issue related terms

| Term                         | Description   |
|------------------------------|---|
| Abridged Prospectus          | A memorandum containing such salient features of a prospectus as may be specified by SEBI.  |
| Allotment / Allot / Allotted | The issue and allotment of the Bonds to successful Applicants in relation to the Issue.   |
| Allotment Advice             | The communication sent to the Allottees conveying details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.   |
| Allottee(s)                  | The successful Applicant(s) to whom the Bonds are Allotted either in full or part, pursuant to the Issue.   |
| Applicant / Investor         | A person who applies for the issuance and Allotment of Bonds pursuant to the terms of this Prospectus, the Abridged Prospectus and the Application Form for the Issue.  |
| Application                  | An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus. |
| Application Amount           | The aggregate value of the Bonds applied for, as indicated in the Application Form for the Issue.   |
| Application Form             | The form in terms of which the Applicant shall make an offer to subscribe to the Bonds through ASBA and non-ASBA process and which will be considered as the Application for Allotment                          |

| Term  | Description  |
|---|--|
|   | of Bonds in terms of this Prospectus.  |
| ASBA / Application Supported by Blocked Amount / ASBA Application | The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB.   |
| ASBA Account  | An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant.  |
| ASBA Applicant  | Any Applicant who applies for Bonds through the ASBA process.  |
| Banker(s) to the Issue / Escrow Collection Bank(s)                | The banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Escrow Accounts and / or Public Issue Accounts will be opened by the Issuer in respect of the Issue, and as specified in the Prospectus.  |
| Basis of Allotment  | The basis on which the Bonds will be allotted to successful Applicants under the Issue and which is described in the section titled “ <i>Terms of Issue - Basis of Allotment</i> ” on page 144 of this Prospectus.   |
| Bond Certificate(s)   | A certificate issued to the Bondholder(s) who has applied for Allotment of the Bonds in physical form or in case the Bondholder(s) has applied for rematerialisation of the Bonds held by him.   |
| Bond Trust Deed   | The bond trust deed to be entered into between the Bond Trustee and the Issuer within the prescribed timelines.  |
| Bond Trustee / Trustee  | The bond trustee for the Bondholders, in this case being Axis Trustee Services Limited.  |
| Bond Trustee Agreement  | The bond trustee agreement dated February 22, 2016 entered into between the Bond Trustee and the Issuer.   |
| Bondholder(s)   | Any person holding the Bonds and whose name appears on the list of beneficial owners provided by the Depositories (in case of bonds in dematerialized form) or whose name appears in the Register of Bondholders maintained by the Issuer (in case of bonds in physical form).   |
| Bonds   | Tax free, secured, redeemable, non-convertible bonds in the nature of debentures, of face value of ₹ 1,000 having benefits under Section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by the Issuer pursuant to the terms of the Prospectus in terms of the CBBDT Notifications.   |
| BSE   | BSE Limited.   |
| Category I*   | <ul style="list-style-type: none"> <li>• Public financial institutions, SCBs, Indian multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crore, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• National Investment Fund (set up by resolution no. F. No. 2 / 3 / 2005-DDII dated November 23, 2005 of the GoI and published in the Gazette of India);</li> <li>• Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;</li> <li>• Mutual funds registered with SEBI; and</li> <li>• Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul> |

| Term                          | Description  |
|-------------------------------|--|
|                               | <p>* With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</p>   |
| Category II*                  | <ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013* ;</li> <li>• Statutory bodies / corporations* ;</li> <li>• Co-operative banks;</li> <li>• Public / private / religious / charitable trusts;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008;</li> <li>• Societies in India registered under law and eligible to invest in Bonds;</li> <li>• RRBs;</li> <li>• Association of Persons;</li> <li>• Partnership firms in the name of partners; and</li> <li>• Any other domestic legal entities / persons as may be permissible under the CBDT Notifications and authorised to invest in the Bonds in terms of applicable laws.</li> </ul> <p>* With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</p> |
| Category III                  | <p>The following investors applying for an amount aggregating to above ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul>  |
| Category IV                   | <p>The following Applicants applying for an amount aggregating to up to and including ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul>   |
| CBDT Notifications            | <p>The Notification No. 59 / 2015, dated July 6, 2015 and Notification No. 6 / 2016 dated February 18, 2016 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI.</p>  |
| Consolidated Bond Certificate | <p>A single consolidated certificate issued by the Issuer to the Bond Trustee for the benefit of the Bondholder(s) for the aggregate amount of the Bonds in each Series that are Allotted to them in physical form under the Issue or rematerialized and held by them.</p>   |
| Consortium Agreement          | <p>The consortium agreement dated March 2, 2016 entered amongst the Issuer and the Consortium Members for the Issue.</p>   |
| Consortium Members            | <p>A. K. Stockmart Private Limited, Edelweiss Securities Limited, RR Equity Brokers Private Limited and SBICAP Securities Limited.</p>   |
| Credit Rating Agencies        | <p>For the present Issue, the credit rating agencies, being CRISIL and India Ratings.</p>  |

| <b>Term</b>                                 | <b>Description</b>  |
|---|---|
| CRISIL                                      | CRISIL Limited.   |
| Debt Listing Agreement                      | The uniform listing agreement entered into between the Issuer and the relevant stock exchange(s) in connection with the listing of its debt securities pursuant to the SEBI LODR Regulations.   |
| Deemed Date of Allotment                    | The date on which the Board or a duly constituted committee or authorized person thereof approves the Allotment of the Bonds or such date as may be determined by the Board or a duly constituted committee or authorized person thereof and notified to the Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified in the Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.   |
| Demographic Details                         | The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form.   |
| Designated Branches                         | Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.   |
| Designated Date                             | The date on which Application Amounts are transferred from the Escrow Accounts to the Public Issue Accounts, or the Refund Account, as appropriate and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s).  |
| Designated Stock Exchange                   | BSE.  |
| Direct Online Application                   | The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognized stock exchange in terms of Circular no. CIR / IMD / DF-1 / 20 / 2012 dated July 27, 2012 issued by SEBI. This facility shall be available only for demat account holders who wish to hold the Bonds pursuant to the Issue in dematerialized form.<br><br><i>It may be noted that direct online application is currently not available due to nonavailability of infrastructure with the stock exchange.</i> |
| DP / Depository Participant                 | A depository participant as defined under the Depositories Act.   |
| Draft Prospectus                            | The draft prospectus dated February 23, 2016 filed by the Issuer with the Designated Stock Exchange for receiving public comments, in accordance with the provisions of the SEBI Debt Regulations.  |
| Escrow Accounts                             | The accounts opened with the Escrow Collection Bank(s) into which the Members of the Syndicate and the Trading Members, as the case may be, will deposit Application Amounts from resident non-ASBA Applicants, in terms of the Prospectus and the Escrow Agreement.  |
| Escrow Agreement                            | The escrow agreement dated March 2, 2016 entered into by the Issuer, the Lead Managers, the Escrow Collection Bank(s) and the Registrar to the Issue for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants (other than ASBA Applicants) on the terms and conditions thereof.   |
| India Ratings                               | India Ratings and Research Private Limited  |
| Interest Payment Date / Coupon Payment Date | The first Interest Payment Date shall be the date falling one year from Deemed Date of Allotment and, for subsequent fiscals, shall be the same date of such respective fiscal. The last coupon / interest payment in each case will be made on the respective Redemption Dates / Maturity Dates for each Series of Bonds.  |
| Issue                                       | Public issue by NABARD of tax free, secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each in the nature of debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act for an amount of ₹3,500 crore during fiscal 2016.   |

| <b>Term</b>                          | <b>Description</b>  |
|--------------------------------------|---|
|                                      | <i>In terms of the CBDT Notifications, the Issuer has been authorised to issue tax free, secured, redeemable, non-convertible bonds for an amount of ₹ 5,000 crore during the Fiscal 2016 of which at least 70.00% of aggregate amount of bonds is to be raised through public issue. Accordingly, the Issuer has already issued tax-free, secured, redeemable non-convertible bonds amounting to ₹ 1,500 crore being 30.00% of the allocated limit by way of private placement pursuant to the private placement offer letter dated February 23, 2016 and now plans to raise the balance ₹ 3,500 crore through this Issue. The Issuer shall ensure that bonds issued pursuant to the CBDT Notifications through public issue route and private placement route in Fiscal 2016 shall, in aggregate, not exceed ₹ 5,000 crore.</i> |
| Issue Agreement                      | The issue agreement dated February 22, 2016 executed among the Issuer and the Lead Managers.  |
| Issue Closing Date                   | March 14, 2016.   |
| Issue Opening Date                   | March 9, 2016.  |
| Issue Period                         | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.  |
| Lead Managers / LMs                  | A.K. Capital Services Limited, Edelweiss Financial Services Limited, ICICI Securities Limited, RR Investors Capital Services Pvt. Limited and SBI Capital Markets Limited.  |
| Market Lot                           | One Bond.   |
| Members of Consortium / Consortium   | Collectively, the Lead Managers and the Consortium Members.   |
| Syndicate / Members of the Syndicate | Collectively, the Lead Managers, the Consortium Members (for the purpose of marketing of the Issue), sub-consortium members, brokers and sub-brokers registered with the sub-consortium members.  |
| Prospectus                           | The prospectus dated March 4, 2016 filed by the Issuer with SEBI and BSE in accordance with the provisions of the SEBI Debt Regulations.  |
| Public Issue Account                 | An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and / or the SCSBs on the Designated Date.   |
| Record Date                          | The record date for the purpose of Interest Payment or the Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Issuer to the stock exchanges shall be considered as Record Date.  |
| Redemption Amount                    | In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with any interest at the applicable interest / coupon rate that may have accrued as on the Redemption Date.   |
| Redemption Date                      | The respective dates on which the Issuer is liable to redeem each Series of Bonds in full as specified in the Prospectus.   |
| Reference G Sec Rate                 | The average of the base yield of G- sec for equivalent maturity reported by the Fixed Money Market and Derivative Association of India on a daily basis (Working Day) prevailing for two weeks ending on Friday immediately preceding the filing of the Prospectus with the Designated Stock Exchange.  |
| Refund Account                       | The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount shall be made (excluding all Application Amounts received from ASBA Applicants).  |
| Refund Bank                          | HDFC Bank Limited, being the banker to the Issue, with whom the refund account will be  |

| <b>Term</b>                            | <b>Description</b>   |
|--|--|
|  | opened.  |
| Register of Bondholders                | The register of Bondholders maintained by the Issuer at its Head Office (or such other place as permitted by law) containing the particulars of the legal owners of the Bonds issued by the Issuer.  |
| Registrar Agreement                    | The registrar agreement dated February 22, 2016 entered into between the Issuer and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.   |
| Registrar to the Issue / Registrar     | Link Intime India Private Limited.   |
| Security                               | The Bonds shall rank pari passu inter-se, and shall be secured by way of (i) first pari passu charge on the present and future book debts of NABARD (excluding any book debts which have been or may be exclusively charged to other lenders or trustees) and (ii) a first pari passu charge on a specific immovable asset of NABARD, as set out in the Bond Trust Deed, to the extent of at least 100% of the principal amounts outstanding and interest due thereon in respect of the Bonds until all amounts on the Bonds are repaid in full. The assets, being the book debts and immovable property, on which charge is created are free from any encumbrances. |
| Self Certified Syndicate Banks / SCSBs | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.  |
| Series of Bonds                        | A series of Bonds which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number (in the event that Bonds in a single Series of Bonds carry the same coupon rate) and as further stated to be each, an individual Series in the Prospectus.   |
| Syndicate ASBA Application Locations   | Application centers at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodra and Surat.  |
| Syndicate SCSB Branches                | In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.  |
| Trading Members                        | Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange.  |
| Transaction Registration Slip / TRS    | The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.   |
| Tripartite Agreements                  | Tripartite agreement dated February 20, 2016 among the Issuer, the Registrar and CDSL and tripartite agreement dated March 3, 2016 among the Issuer, the Registrar and NSDL.   |
| Working Days                           | All days, excluding Sundays or a holiday of commercial banks or a public holiday in Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, being the period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.  |



## Conventional and General Terms or Abbreviations

| Term / Abbreviation                 | Description / Full Form   |
|-------------------------------------|---|
| ₹ or Rupees or Indian Rupees or INR | The lawful currency of India.   |
| Additional Regulations              | The National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984.   |
| AS                                  | Accounting Standards issued by Institute of Chartered Accountants of India.   |
| ASBA                                | Application Supported by Blocked Amount.  |
| Bill                                | The National Bank for Agriculture and Rural Development (Amendment) Act, 2013.  |
| CAGR                                | Compounded Annual Growth Rate.  |
| CBDT                                | Central Board of Direct Taxes, Department of Revenue, MoF.  |
| CDSL                                | Central Depository Services (India) Limited.  |
| Companies Act / Act                 | Companies Act, 1956, as amended from time to time, to the extent in effect as on the date of this Prospectus.   |
| Companies Act, 2013                 | The Companies Act, 2013 (18 of 2013), to the extent notified by the MCA and in force as on the date of this Prospectus, as amended from time to time. |
| CRAR                                | Capital to Risk-Weighted Assets Ratio.  |
| Depositories Act                    | Depositories Act, 1996, as amended from time to time.   |
| Depository(ies)                     | CDSL and NSDL.  |
| DP / Depository Participant         | Depository Participant as defined under the Depositories Act.   |
| DRR                                 | Debenture Redemption Reserve.   |
| FIMMDA                              | Fixed Income Money Market and Derivative Association of India.  |
| Financial Year / Fiscal / FY        | Period of 12 months ended March 31 of that particular year.   |
| GDP                                 | Gross Domestic Product.   |
| GoI or Government                   | Government of India.  |
| GST                                 | Goods and Service Tax.  |
| HNI                                 | High Networth Individual.   |
| HUF                                 | Hindu Undivided Family.   |
| IAS                                 | Indian Administrative Service.  |
| ICAI                                | Institute of Chartered Accountants of India.  |
| IFRS                                | International Financial Reporting Standards.  |
| IIFIL                               | India Infrastructure Finance Issuer Limited.  |
| IMF                                 | International Monetary Fund.  |
| Income Tax Act                      | Income Tax Act, 1961, as amended from time to time.   |
| IND-AS                              | Indian Accounting standards converged with IFRS   |

| <b>Term / Abbreviation</b>    | <b>Description / Full Form</b>  |
|-------------------------------|---|
| India                         | Republic of India.  |
| Indian GAAP                   | Generally Accepted Accounting Principles followed in India.   |
| IRDA                          | Insurance Regulatory and Development Authority.   |
| MCA                           | Ministry of Corporate Affairs, GoI.   |
| MoF                           | Ministry of Finance, GoI.   |
| MoU                           | Memorandum of understanding.  |
| NABARD Act                    | National Bank for Agriculture and Rural Development, 1981.  |
| NABARD General Regulations    | National Bank for Agriculture and Rural Development General Regulations, 1982.  |
| NECS                          | National Electronic Clearing System.  |
| NEFT                          | National Electronic Fund Transfer.  |
| NPA                           | Non Performing Assets.  |
| NPSB                          | Non Priority Sector Bonds.  |
| NSDL                          | National Securities Depository Limited.   |
| NSE                           | National Stock Exchange of India Limited.   |
| p.a.                          | Per annum.  |
| PAN                           | Permanent Account Number.   |
| PAT                           | Profit After Tax.   |
| PDCs                          | PACS Development Cells  |
| Public Financial Institutions | Public Financial Institution as defined under Section 2(72) of the Companies Act, 2013.   |
| RBI                           | Reserve Bank of India.  |
| RBI Act                       | Reserve Bank of India Act, 1934 as amended.   |
| RRB                           | Regional Rural Bank.  |
| RTGS                          | Real Time Gross Settlement.   |
| SEBI                          | Securities and Exchange Board of India.   |
| SEBI Act                      | Securities and Exchange Board of India Act, 1992 as amended.  |
| SEBI Debt Regulations         | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended.                               |
| SEBI LODR Regulations         | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.                    |
| Simplified Listing Agreement  | Simplified listing agreement for debt securities issued by SEBI by circular no. SEBI / IMD / BOND / 1 / 2009 / 11 / 05 dated May 11, 2009 |
| Stock Exchange                | BSE   |

**Business / Industry Related Terms**

| <b>Term / Abbreviation</b> | <b>Description / Full Form</b>   |
|----------------------------|--|
| ABFL                       | Agri Business Finance (AP) Limited.  |
| ACSTI                      | Agricultural Co-operative Staff Training Institutes.   |
| APMC                       | Agricultural Produce Marketing Committee.  |
| APRACA                     | Asia Pacific Rural and Agricultural Credit Association.  |
| ARDC                       | Agricultural Refinance and Development Corporation.  |
| BPL                        | Below Poverty Line.  |
| CAPART                     | Council for Advancement of People's Action & Rural Technology.                                   |
| CBS                        | Core Banking Solution.   |
| CCS                        | Cooperative Credit Structure.  |
| CDF                        | Cooperative Development Fund.  |
| CRAFICARD                  | Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development. |
| DAP                        | Development Act Plan.  |
| DCCB                       | District Central Cooperative Bank.   |
| FARM                       | Fund for Agriculture Risk Mitigation.  |
| FIF                        | Financial Inclusion Fund.  |
| FIP                        | Financial Inclusion Plan.  |
| FIP                        | Full Implementation Phase.   |
| FIPF                       | Farm Innovation and Promotion Fund.  |
| FITF                       | Financial Inclusion Technology Fund  |
| FSDD                       | Farm Sector Development Department.  |
| FSS                        | Farmer's Service Society.  |
| IT                         | Information Technology.  |
| KCC                        | Kisan Credit Card.   |
| LAMPS                      | Large Sized Adivasi Multi Purpose Societies.   |
| LTCCS                      | Long Term Cooperative Credit Structure.  |
| LTRCF                      | Long Term Rural Credit Fund  |
| NABCONS                    | NABARD Consultancy Services.   |
| NABFINS                    | NABARD Financial Services Limited.   |
| NBFC                       | Non Banking Financial Company.   |
| NEDFC                      | North East Development Finance Corporations.   |

| <b>Term / Abbreviation</b> | <b>Description / Full Form</b>  |
|----------------------------|---|
| NIRD                       | National Institute of Rural Development.                                    |
| NPA                        | Non Performing Asset.   |
| NWS                        | NABARD Warehousing Scheme.  |
| PACS                       | Primary Agricultural Credit Society.  |
| PCARDB                     | Primary Cooperative Agriculture and Rural Development Bank.                 |
| PRODUCE Fund               | Producers Organization Development and Upliftment Corpus Fund.              |
| PUCB                       | Primary Urban Cooperative Bank.   |
| PWCS                       | Primary Weavers' Cooperative Societies                                      |
| RIDF                       | Rural Infrastructure Development Fund.                                      |
| RRB                        | Regional Rural Bank.  |
| SCARDB                     | State Cooperative Agriculture and Rural Development Bank.                   |
| SCB                        | Scheduled commercial bank.  |
| SFAC                       | Small Farmers' Agriculture Business Consortium.                             |
| SHDC                       | State Handloom Development Corporation.                                     |
| SHG                        | Self Help Group.  |
| SIDBI                      | Small Industries Development Bank of India.                                 |
| SLBC                       | State Level Bankers' Committee.   |
| SLDB                       | State Land Development Bank.  |
| SOFTCOB                    | Scheme of Financial assistance for Training of Cooperative Banks Personnel. |
| SPM RURBAN                 | Shyama Prasad Mukherji Rurban Mission.                                      |
| SRLM                       | State Rural Livelihood Mission.   |
| StCB                       | State Cooperative Bank.   |
| STCCS                      | Short Term Cooperative Credit Structure.                                    |
| STCRC                      | Short Term Cooperative Rural Credit Fund.                                   |
| STCRCRF                    | Short Term Co-operative Rural Credit Refinance Fund.                        |
| STRRB                      | Short Term Regional Rural Bank Credit Refinance Fund.                       |
| UPNRM                      | Umbrella Programme for Natural Resource Management.                         |
| WCS                        | Weavers' Co-operative Societies.  |
| WIF                        | Warehousing Infrastructure Fund   |

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled "*Capital Structure*", "*Regulations and Policies*", "*History and Certain Corporate Matters*", "*Statement of Tax Benefits*", "*Our Management*", "*Financial Indebtedness*", "*Outstanding Litigations and Material Developments*" and "*Issue Procedure*" on pages 44, 73, 76, 49, 79, 89, 97 and 124 of this Prospectus, respectively, will have the meanings ascribed to them in such sections.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Prospectus to “**India**” are to the Republic of India and its territories and possessions.

### **Financial Data**

Unless stated otherwise, the financial data in this Prospectus is derived from our audited standalone financial statements, prepared in accordance with the Schedule A & B under the Regulation 8 of Additional Regulations for the fiscal years 2015, 2014, 2013, 2012 and 2011. All decimals have been rounded off to two decimal points.

The financial year of the Issuer commences on April 1 and ends on March 31 of the next year, so all references to particular “Financial year”, “Fiscal year” and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ended on March 31 of that year.

### **Currency and Unit of Presentation**

In this Prospectus, references to “₹”, “Indian Rupees”, “INR” and “Rupees” are to the legal currency of India. Except as stated expressly, for the purposes of this Prospectus, data will be given in ₹ in crore.

### **Industry and Market Data**

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business or any changes in laws and regulations applicable us;
- growth of micro, small and medium enterprises in India;
- changes in and impacts on the agricultural and rural sector in India;
- interest rates and inflation in India;
- inability to take advantage of certain tax benefits or if there are adverse changes to the tax regime in the future;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Bank borrows from RBI / financial institution;
- we may face asset-liability mismatches, which could affect our liquidity;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- performance of the Indian debt and equity markets; and
- other factors discussed in this Prospectus, including under the section titled “**Risk Factors**” on page 13 of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections titled “**Our Business**” and “**Outstanding Litigations and Material Developments**” on pages 57 and 97, respectively, of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Prospectus, the Issuer cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

## SECTION II - RISK FACTORS

*Prospective investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, and under the section titled “Our Business” on page 57 of this Prospectus and under the section titled “Financial Information” appended as Annexure A of this Prospectus, before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business prospects, results of operations and financial condition. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of and the value of your investment in the Bonds could decline and you may lose all or part of your redemption amounts and / or interest amounts.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in the below risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.*

*In this section, unless the context otherwise requires, a reference to “NABARD” “we”, “us”, and “our” is a reference to National Bank for Agriculture and Rural Development. Unless otherwise specifically stated in this section, financial information included in this section have been derived from our standalone financial statements for Fiscal 2011, 2012, 2013, 2014 and 2015.*

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**1. *We have a significant concentration of outstanding loans to RIDF, STCCS, short term / medium term refinance loans and refinancing.***

NABARD has a mandate under the NABARD Act to provide credit and other support for the promotion and development of rural and agriculture sector. Consequently, NABARD cannot enter other business areas which do not comply with this purpose. The concentration of outstanding loans is specific to loans under RIDF to State Government, STCCS through State Co-Operative Banks, short term / medium term refinance loans to RRBs and refinance to commercial banks. Many of our business activities may be as per instructions or policies of the Government of India. Any change in Government of India’s policy in this regard can impact the present business operations.

**2. *We may not be able to recover, or there may be a delay in recovering, the expected value from security and collaterals for our loans, which may affect our financial condition and will result in increased non performing asset levels.***

As a part of our business, we extend loans to various persons and there can be no assurance that there will be payment of interest or principal in full by the entities that we lend to or that payment will be in a timely manner at all. Any negative trends such as higher NPAs within borrowers, broader economic issues, or financial difficulties, or inability on the part of any borrowers could result in an increase in our NPAs and adversely affect our business, financial condition and results of operations. While we have major concentration of NPAs in our co-financed portfolio, there is a trend of increasing NPAs in UPNRM. We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs or otherwise adequately control our level of NPAs in future. Moreover, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our exposures may deteriorate and our results of operations may be adversely affected. Furthermore, our current provisions may not be adequate when compared to the exposures of other financial institutions. Moreover, there can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, there could be an even greater, adverse impact on our results of operations.

**3. *We may have not fully complied with the listing requirements for listing our bonds.***

Our debt securities are listed on the stock exchanges. We have issued bonds as part of our capital raising programme. We have entered into a Debt Listing Agreement with BSE for listing our debt securities. When issuing bonds we may not have complied with the disclosure requirements prescribed under the Securities and Exchange Board of India (Disclosure and Investor Protection) Regulations, 2000, as amended and the SEBI Debt Regulations. SEBI may also initiate proceedings against us for violations of the applicable provisions of the Securities and Exchange Board of India Act 1993, including the DIP Guidelines and the Debt Regulations, and we may be subject to sanctions, adjudicatory penalties and other adverse orders under legislation. There can be no assurance that SEBI or

BSE will not take any regulatory action against us for the past non-compliance. In the instance any regulatory action is taken against us this may have an adverse effect on our business, results of operations and financial condition.

4. ***Our borrowers' may not insure their assets and any insurance of assets may not be adequate to protect them against all potential losses to which they may be subject, which could affect our ability to recover the loan amounts due to us.***

Our borrowers may or may not maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on their assets, revenues from which are used to repay loans granted by us. They may not have the required insurance coverage, or they have not renewed the insurance policies or the amount of insurance coverage may be less than the replacement costs of all covered property and is therefore insufficient to cover all financial losses that our borrowers may suffer. In the event the assets are damaged due to floods, fires and earthquakes it may affect our ability to recover the loan amounts due to us.

5. ***NABARD operates directly and indirectly in the rural and agricultural sectors in India and any impact on these sectors could adversely affect our business, results of operations and financial condition.***

NABARD's area of operation is the Indian rural sector. Any adverse impact on the state of rural economy may have a negative impact on us as well.

6. ***As a financial institution focused on rural development we have received certain grants / tax benefits and our borrowers have received certain tax benefits, subsidies and incentives in the past. We cannot assure that such grants, benefits, subsidies and incentives will be available to us and/or our borrowers in the future which may have an adverse effect on our business, profits, results of operations and financial condition.***

We provide finance to assist in agriculture cottage industry, small industry village and other rural industries development and have benefited from certain tax regulations and incentives that accord favourable treatment towards such sector. Further, NABARD is also eligible for certain tax benefits and incentives as a Public Financial Institution. As a consequence, our operations have been subject to relatively low tax liabilities. We cannot assure you that we would continue to be eligible for such lower taxes or any other benefits. In addition, it is possible that the draft Direct Tax Code, when notified, could significantly alter the taxation regime, including incentives and benefits, applicable to us. If the laws or regulations regarding the tax benefits applicable to us were to change, our taxable income and tax liability may increase to that extent, which would adversely affect our financial results.

7. ***Inability to develop or implement effective risk management policies and procedures could expose NABARD to unidentified risks or unanticipated levels of risk.***

Although NABARD follows various risk management policies and procedures and has a department to identify, monitor and manage risks, it may not be able to anticipate or address all risks that NABARD encounters in its business and operations or that such policies and procedures are comprehensive. NABARD's risk management is based, among other considerations, on historical market behaviour, information regarding borrowers and market knowledge. Consequently, these policies and procedures may not predict future risk exposures that could vary from or be greater than those indicated by historical measures. Failure of NABARD's risk management policies and procedures or exposure to unanticipated risks could lead to losses and adversely affect NABARD's business, financial condition and results of operations.

8. ***We have a dispersed network of regional offices and are exposed to operational risks, including employee negligence, fraud, petty theft, misappropriation of funds and embezzlement and misconduct, which could harm our results of operations and financial position.***

We have many Regional Offices and approximately 4,062 employees as at March 31, 2015 which exposes us to the risk of fraud by employees, agents, customers or third parties, theft, burglary and misappropriation, embezzlement or unauthorised transactions of misconduct by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our recoveries, operations and profitability. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed, and may sustain physical and psychological injuries as a result. We may encounter difficulties in recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud, misappropriation, embezzlement or misconduct by our representatives and employees, which could adversely affect our goodwill. This may have a negative impact on our operations and result in losses.



**9. *There are five casual vacancies on the Board which have not been filled and any further vacancies on the Board in the future may have an adverse impact on the management of NABARD.***

Under the NABARD Act, the Board is required to consist of, inter alia, (i) three directors who are experts in rural economics, rural development village and cottage industries, small-scale industries or persons having experience in the working of co-operative banks, regional rural banks or commercial banks or any other matter the special knowledge or professional experience in which is considered by the GoI as useful to NABARD, (ii) three directors from out of the directors of RBI, (iii) a managing director, and (iv) three directors from amongst the officials of the GoI. As on date of this Prospectus, there is one Director appointed on the Board under requirement specified in (i) above, two Directors each appointed on the Board under requirement specified in (ii) and (iv) above, and the position of the managing director is vacant. Additionally, while Mr. S. Vijayanand has been appointed as the Director of NABARD (in place of Mr. Jugal Kishore Mohapatra), he is yet to take charge of his post as the Director of NABARD. There is no assurance that these vacancies would be filled in a timely manner or at all. Any further vacancies on the Board in the future (including as a result of resignations) may have an adverse effect on the management of NABARD.

**10. *NABARD operates various schemes, funds and grants of the GoI and changes in these will affect our results of operations and financial position.***

NABARD operates a number of funds, schemes and grants to the rural sector in India in accordance with directions from the GoI and/or RBI. These may have criteria which need to be complied when funds, schemes and grants are disbursed and there may be no assurance that these will be complied with. Any changes in these directions, instructions or regulations or any changes in amounts, timing or otherwise may affect the functioning, implementation, the operations, balance sheet and other financial results of NABARD.

**11. *We are affected by volatility in interest rates for our lending operations as well as the rates at which NABARD borrows from banks / financial institutions, which could adversely affect our return on assets and profitability.***

Our business depends on interest income from our loans and advances made by us and the interest rates at which we borrow from banks / financial institutions. Accordingly, we are affected by volatility in interest rates in our borrowing and lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Further, rise in inflation and consequent fluctuation in interest rates, repo rates (the rates at which RBI lends to commercial banks) and reverse repo rates (the rates at which RBI borrows from commercial banks) by RBI has led to revision in the interest rates on loans provided by banks and financial institutions. Due to these factors, interest rates in India have experienced a relatively high degree of volatility. Our inability to effectively and efficiently manage such interest rate variations over the duration of the project loans may adversely affect our results of operations and profitability.

**12. *Properties used by NABARD for the purposes of its operations are owned by NABARD, however, title deeds may not be in the name of NABARD or properties may be leased. Any termination of the contractual agreements in connection with such properties or our failure to renew the same could adversely affect our business, results of operations and financial condition.***

Currently, properties used by NABARD for the purposes of our operations are either owned or leased by us. For further details, please see section titled “*Our Business - Properties*” on page 70 of this Prospectus. In relation to properties owned by us, either conveyance deeds may not have been executed by developers with us or may not have been registered with the relevant Registrar of Sub Assurances or title deeds may not be in our name. In relation to leased properties, these are subject to the risk of renewal upon the expiry of the lease with the landlord and subject to mutually agreeable terms for renewal being negotiated. If there is attempt to evict us or seek to renew an agreement on terms and conditions unfavorable to us, we may suffer a disruption in our operations or increased costs. Any failure to have properties registered in our name or our failure to renew leases, in a timely manner, or at all, could expose us to the risks of disruptions in our operations or increased costs, or both, which may adversely affect our business and results of operations and financial condition.

**13. *A decline in our capital adequacy ratio could restrict our future business growth.***

In accordance with applicable laws and regulations we are required to maintain a CRAR of at least 9%. Our CRAR was 16.91% as of March 31, 2015. There can be no assurance that we will be able to maintain our CRAR at the same level in future.

14. ***As we do not have equity or equity linked securities listed on any Indian stock exchange, we are not required to follow the standards of corporate governance and, accordingly our standard of corporate governance compliance and levels of internal controls may be limited.***

The corporate governance requirements stipulated in the NABARD Act is applicable to NABARD. In accordance with the NABARD Act, NABARD is required to have a Chairman, three directors from amongst experts in rural economics, rural development village and cottage industries three directors from out of the directors of the Reserve Bank and three directors from the amongst the officials of the GoI on our Board. For more information, please see sections titled “***Main Provisions of the National Bank for Agriculture and Rural Development Act, 1981 and the Regulations***” and “***Our Management***” on pages 149 and 79 of this Prospectus. In terms of the SEBI LODR Regulations, entities whose equity and equity linked securities (as defined under the SEBI LODR Regulations) are listed on the Indian stock exchanges and whose chairman is an executive director, are subject to specific requirements such as that at least one half of their board of directors is comprised of independent directors. Since we do not have any equity or equity listed securities listed on any recognised stock exchange in India, the SEBI LODR Regulations to the aforesaid extent is not applicable to us. Accordingly, the standard of corporate governance complied by us is limited in comparison with the corporate governance standards required to be adhered to by entities having their equity securities listed on Indian stock exchanges.

15. ***NABARD is subject to credit, market, currency and liquidity risks and, if any such risk were to materialise, NABARD’s credit ratings and its cost of funds may be adversely affected.***

NABARD has put in place an asset liability management system. The asset liability management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service obligations. Such analysis is being used for critical decisions regarding the time, volume and maturity profile of the borrowing, creation of new assets and mix of assets and liabilities in terms of time period (short, medium and long-term). At present surplus funds are invested by way of short-term deposits with banks, debt oriented liquid mutual funds, commercial paper, certificate of deposit, bonds and listed equity. NABARD also has some of its borrowing in foreign currency and to that extent is exposed to foreign currency risks.

In particular, NABARD is increasingly reliant on funding from the debt capital markets. The market for such funds is competitive and NABARD’s ability to obtain funds on acceptable terms will depend on various factors including, in particular, NABARD’s ability to maintain its credit ratings. Furthermore, our financial position may also be aggravated if NABARD’s borrowers pre-pay or are unable to repay any of the financing facilities NABARD grants to them. Despite the existence of various asset liability management policies, NABARD’s liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have a material adverse effect on NABARD’s business, prospects, results of operations and financial condition.

NABARD’s revenues and interest rate risk are dependent upon its ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. NABARD’s earnings are dependent upon its effectiveness in managing credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for loan losses. To the extent its assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, NABARD could incur higher than anticipated losses.

Further, while the current foreign borrowings of NABARD are hedged, there can be no assurance that the foreign borrowings utilised by NABARD in the future would be hedged. Such instances could significantly effect our business and operations and financial conditions.

16. ***NABARD may in the future conduct additional business through strategic partnerships and investments and may expand by opening more Regional Offices or District Development Offices, exposing NABARD to certain business and market risks.***

NABARD intends to continue to pursue suitable strategic partnership and other investment opportunities in India particular with companies or firms whose resources, capabilities and strategies are likely to enhance and diversify NABARD’s business operations in the agricultural and rural development sector. NABARD may not be able to identify suitable joint venture or strategic partners or NABARD may not complete transactions on terms commercially acceptable to NABARD, or may not complete transactions at all. NABARD may not be able to successfully form such alliances and ventures or realise the anticipated benefits of such alliance and joint ventures. In addition, NABARD’s expected strategic benefits or synergies of any future partnerships may not be realised. Furthermore, such investments in strategic partnerships may be long-term in nature and may not yield returns in the short to medium term. Such initiatives will place significant strains on NABARD’s management, financial and other resources and any unforeseen costs or losses could adversely affect its business, profitability and financial condition.

We may expand our business by opening more Regional Offices or District Development Offices which will depend on NABARD's ability to develop such regional office and any unforeseen costs or losses could adversely affect its business, profitability and financial condition.

**17. *There are outstanding legal proceedings in which NABARD is involved, and any adverse decision in such proceedings may have a material adverse effect on our business, result of operations and financial condition.***

NABARD is currently involved in certain proceedings and claims in India pending at different levels of adjudication before various authorities. For details in relation to the legal proceedings involving us for an amount equal to or more than ₹ 10 crore, disputed income tax liabilities and other material proceedings against us, please see section titled "**Outstanding Litigations and Material Developments**" on page 97 of this Prospectus. Additionally, should any new development arise against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may reduce our profitability. We can give no assurance that these legal proceedings will be decided in our favour. There may be legal proceedings that arise at any time in the future in the course of our business. Any adverse outcome in any or all of current or future proceedings may have a material adverse effect on our business, results of operations and financial condition.

**18. *Our success depends on our management team and skilled personnel and our ability to attract and retain such persons.***

Our future performance will be affected by the continued service of our management team and our ability to attract and retain skilled personnel. Our senior and middle management personnel have significant experience and in-depth industry knowledge and expertise. We also face a continuing challenge to recruit and retain skilled personnel, knowledgeable in the agricultural sector to which we lend. There is significant competition in India for such personnel, and it may be difficult to attract, adequately compensate and retain the personnel we need in the future. Inability to attract and retain appropriate managerial personnel, or the loss of key personnel could adversely affect our business, prospects, results of operations and financial condition.

**19. *We do not have a registration for our trademark, name and logo. Our ability to use the trademark, name and logo may be impaired.***

The application for registration of trademark of NABARD has been made. For details of the application, please see section titled "**Our Business**" on page 70 of this Prospectus. If our trademark application is objected or opposed or our trademark, name or logo is registered by a third party, we will not be able to make use of this trademark, name or logo in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with NABARD. Accordingly, we may be required to invest significant resources in developing a new name and logo.

**20. *The risks to financial stability could adversely affect NABARD's business.***

As reported by the RBI in its financial stability report dated June 26, 2015, the gross NPAs in the banking system have grown, while stressed advances including standard restructured loans have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters as well. Profitability measured by return on assets and return on equity remained around the same level during the last two years. The banking stability map suggests that the overall risks to the banking sector have moderated marginally since September 2014. However, concerns remain over the continued weakness in asset quality and profitability. NABARD has little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact NABARD's funding and adversely affect NABARD's business, operations and financial condition and the market price of the Bonds.

**21. *We have granted loans to certain borrowers on a non-recourse or limited recourse basis, which increases the risk of non-recovery and may adversely affect our financial condition.***

The ability of our borrowers to perform their obligations under their loans will depend primarily on the financial condition and results of their assets, which may be affected by many factors beyond the borrowers' control, including operating costs and other risks. If borrowers with non-recourse or limited recourse loans were to be adversely affected by these or other factors and were unable to meet their obligations, the value of the underlying assets available to repay the loans may become insufficient to pay the full principal and interest on the loans, which could expose us to significant losses.

**22. *The effects of the planned convergence with IFRS and the adoption of IND-AS are uncertain.***

The GoI, Ministry of Corporate Affairs has drawn a revised road-map for companies other than banking companies, insurance companies and NBFCs for implementation of Indian Accounting standards converged with the IFRS on voluntary basis for accounting periods beginning on or after April 1, 2015 and on mandatory basis for accounting

periods beginning on or after April 1, 2016 / April 1, 2017. Companies not covered by the above roadmap shall continue to apply existing Accounting Standards. NABARD is currently not covered under the above roadmap. Hence, NABARD will continue to apply existing Accounting Standards. However, NABARD may, in the future, be required to prepare its annual and interim financial statements under IND-AS.

**23. *This Prospectus includes certain unaudited standalone financial information, which has been subjected to limited review, in relation to NABARD. Reliance on such information should, accordingly, be limited.***

This Prospectus includes certain unaudited standalone financial information in relation to NABARD, for the six months ended September 30, 2015, in respect of which the Statutory Auditors of NABARD have issued their limited review report dated October 29, 2015. As this financial information has been subjected only to limited review as required by the stock exchanges, in accordance with the debt listing agreement, and not to an audit, any reliance by prospective investors on such unaudited standalone financial information for the six months ended September 30, 2015 should, accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the six months ended September 30, 2015, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors in the Issue are advised to read such unaudited standalone financial information for the six months ended September 30, 2015 in conjunction with the audited financial information provided in the section titled “**Financial Information**” as appended as **Annexure A** of this Prospectus.

**24. *The GoI holding 99.60% stake in NABARD, which enables the GoI to significantly influence NABARD***

As at date hereof, the GoI has 99.60% stake in the capital of NABARD. As a result, the GoI will continue to exercise significant control over NABARD. The GoI also controls the composition of the Board and determines matters requiring approval by the Board. The GoI may take or block actions with respect to NABARD’s business, which may conflict with NABARD’s interests or in accordance with the NABARD Act, may require NABARD to implement its broader policy objectives. By exercising its control, the GoI could delay, defer or cause a change of NABARD’s control, divest part of it or a change in NABARD’s capital structure, or a merger, consolidation, takeover or other business combination involving NABARD, or discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of NABARD.

Our borrowers are also significantly impacted by GoI policies and support in a variety of ways. In particular, GoI has in the past made sustained increases to budgetary allocations towards projects and schemes related to agricultural and rural development. Any adverse changes in the government policies may have an impact our financing and re-financing arrangements and could adversely affect our business, prospects, results of operations and financial condition.

**25. *If we are unable to manage our growth effectively, our business and financial results could be adversely affected.***

Our business has grown since we began operations. Our total loan assets increased from ₹ 1,39,489 crore as of March 31, 2011 to ₹ 2,52,368 crore as of March 31, 2015. As at March 31, 2015, the profit after tax of NABARD is ₹ 2,403.26 crore, net revenue has been ₹ 17,804.46 crore and NABARD’s net worth is ₹ 24,328.84 crore. We intend to continue to grow our business, which could place significant demands on our operational, credit, financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important.

Our asset growth will be primarily funded by the issuance of new debt. We may have difficulty in obtaining funding on attractive terms. Adverse developments in the Indian credit markets, such as increase in interest rates, may significantly increase our debt service costs and the overall cost of our funds. Any inability to manage our growth effectively on favourable terms could have a material adverse effect on our business and financial performance.

**26. *Our insurance may not be adequate to protect us against all potential losses to which we may be subject.***

We maintain insurance for our physical assets such as our regional offices against standard fire and special perils (including earthquake). The details of the same are set out in the section titled “**Our Business - Insurance**” on page 70 of this Prospectus. However, the amount of our insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

**27. *Security of NABARD’s information technology systems may fail and adversely affect NABARD’s business, operations, financial condition and reputation.***

NABARD is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data such systems contain or transmit. An external

information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as a failure to control access to sensitive systems, could materially interrupt NABARD's business operations or cause disclosure or modification of sensitive or confidential information. NABARD's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. NABARD's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although NABARD maintains procedures and policies to protect its IT systems, such as a data back-up system, disaster recovery and a business continuity system, any failure of NABARD's IT systems as mentioned above could result in business interruption, material financial loss, regulatory actions, legal liability and harm to NABARD's reputation. Furthermore, any delay in implementation or disruption of the functioning of NABARD's IT systems could disrupt its ability to track, record, process financial information or manage creditors / debtors or engage in normal business activities.

**28. *Our business may be adversely affected by future regulatory changes.***

We are subject to the NABARD Act and regulatory framework of RBI / GoI with respect to financial institutions in effect in India which require continued monitoring and compliances. The introduction of additional government control or newly implemented laws and regulations including, among other things, in relation to provisioning for NPAs, recoveries, capital adequacy requirements, exposure norms, etc., depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations. While we will take adequate measures, we cannot assure you that we will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to the financing for the purposes of development in agricultural and rural sector in general. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, results of operations and financial condition. For further details, please see section titled "***Regulations and Policies***" on page 72 of this Prospectus.

## **RISKS RELATING TO THE INDIAN ECONOMY**

**29. *A slowdown in economic growth in India could adversely impact our business.***

Any slowdown in the Indian economy or in the growth of the industry to which NABARD provides financing to or any future volatility in global commodity prices could adversely affect NABARD's borrowers and the growth of NABARD's business, which in turn could adversely affect NABARD's business, financial condition and results of operations. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Furthermore, conditions outside India such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy and GoI policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The global financial turmoil, an outcome of the sovereign credit crisis in Europe, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the effect of the global financial turmoil, any prolonged financial crisis may have an adverse impact on the Indian economy, thereby having a material adverse effect on NABARD's business, financial condition and results of operations.

**30. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact NABARD's financial condition.***

A decline in India's foreign exchange reserves could impact the value of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect NABARD's future financial condition. Alternatively, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect NABARD's business, prospects, financial condition and results of operations.

**31. *Difficulties faced by other banks, financial institutions or NBFCs or the Indian financial sector generally could cause our business to be adversely affected.***

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities, and some banks have also faced serious financial and liquidity crises. Since NABARD provides financing and re-financing to various financial institutions any major difficulty or instability experienced by the such financial institutions and Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations and financial condition.

**32. *Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.***

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

Factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi (Chinese Yuan) devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on NABARD's cost of funding, business, future financial performance and the trading price of any Bonds issued under the Programme. Negative economic developments, such as rising Fiscal or trade deficits, or a default on national debt in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

**33. *Political instability or changes in GoI could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.***

NABARD is incorporated in India, derives its revenues from operations in India and all its assets are located in India. Consequently, NABARD's performance may be affected by interest rates, GoI policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. NABARD's business, may be affected by changes in the GoI's policies, including taxation. Current macro-economic situations and global conditions might lead to a gradual departure from an accommodative fiscal and monetary policy, which would affect exchange rates and interest rates. Such events could also affect India's debt rating, NABARD's business, its future financial performance and the trading price of the Bonds.

**34. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. For example, unprecedented rains and flash floods in Tamil Nadu, earth quake in Nepal, Uttrakhand and earthquake in Sikkim. The extent and severity of these natural disasters determine their impact on the Indian economy and particularly the rural sector. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, affecting NABARD's business and potentially causing the trading price of the Bonds to decrease. Because NABARD's operations are located in India, NABARD's business and operations could be interrupted or delayed as a result of a natural disaster in India, which could affect NABARD's business, financial condition and results of operations. Health epidemics could also disrupt NABARD's business. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect NABARD's business.

35. ***Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, financial condition and results of operations.***

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States, Europe and other international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which may continue to have a material adverse effect on our business and our financial performance.

36. ***Companies operating in India are subject to a variety of Central and State Government taxes and surcharges.***

Tax and other levies imposed by the Central and State Governments in India that affect the tax liability of the Corporation include Central and state taxes and other levies including income tax, value added tax, service tax, stamp duty and other special taxes surcharges and cess. These taxes are extensive and subject to change from time to time. There is a proposal to introduce a new Goods and Services Tax (GST) from April 1, 2016 that would replace the indirect taxes on goods and services such as Central excise duty, service tax, Central sales tax, State VAT, surcharge, luxury tax, octroi, entry tax, cess etc. currently being collected by the Central or State Governments. Any such amendments may affect the overall tax liability of Companies operating in India and result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

## **RISKS RELATING TO THE BONDS**

37. ***There is no guarantee that the Bonds issued pursuant to the Issue will be listed on BSE in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on BSE.

38. ***No DRR for the Bonds is proposed to be maintained for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.***

The obligation to maintain a DRR is applicable only to companies registered under the Companies Act / Companies Act, 2013. From the definitions laid down by SEBI under SEBI Debt Regulations, it may be observed that the definition of issuer includes a company. Certain mandatory requirements are required of all issuers whereas certain requirements like creation of a DRR is required only if the issuer is a company. The term “**issuer**” is much wider tends to include public sector undertakings and statutory corporations besides companies. NABARD is a statutory authority making a public issuance of debt securities and so it falls under the definition of “**issuer**” but it is not a company. Hence, NABARD being an “**issuer**” but not a “**company**”, the requirement to maintain a DRR in compliance under Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable to it. Further, there is no obligation on NABARD under the NABARD Act, the SEBI Debt Regulations and the Companies (Share Capital and Debentures) Rules, 2014. Therefore, NABARD is not maintaining a DRR for the present issue of Bonds and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

39. ***There has been no prior public market for the Bonds and it may not develop in the future, and the price of the Bonds may be volatile.***

The Bonds have no established trading market. There can be no assurance that an active public market for the Bonds will develop or be sustained. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which you purchase the Bonds.

40. ***The Bonds are classified as ‘tax free bonds’ and accordingly, only the interest payable on them is eligible for tax exemption under Section 10(15)(iv)(h) of the Income Tax Act.***

The Bonds are classified as ‘tax free bonds’ issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and the CBDT Notifications. In accordance with the said section, the amount of interest on such bonds shall be entitled to exemption under the provisions of Income Tax Act. Therefore only the amount of interest on bonds is exempt and not the actual amount of investment.

41. ***You may not be able to recover, on a timely basis or recover at all, the full value of the outstanding amounts and/or the interest accrued thereon, in connection with the Bonds.***

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or repay at all.

42. ***Any downgrading of India’s debt rating, NABARD credit rating or the rating of our Bonds may affect the trading price of our Bonds and our ability to raise funds***

India is rated by several international rating agencies, changes to which could impact NABARD and the Bonds. NABARD and the Bonds have been rated “CRISIL AAA / Stable” by CRISIL and “IND ‘AAA’ / Stable” by India Ratings pursuant to the credit rating letters dated February 19, 2016 and February 22, 2016. There can be no assurance that these ratings will not be further revised, suspended or withdrawn or downgraded, which could have a material adverse effect on NABARD’s business and future financial performance, NABARD’s ability to obtain financing for providing finance to the rural sector. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt. For the rationale for these ratings, please see **Annexure B** appended to this Prospectus.

43. ***There may be a delay in making refunds to applicants.***

We cannot assure that the monies refundable to applicants, on account of (a) withdrawal applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the exchanges for listing of Bonds, (d) non allotment due to technical rejections or over subscriptions, will be refunded to the applicants in a timely manner.

44. ***Risk regarding enforcement of security on account of default.***

Taking into account the nature of security and since most of the security is of peculiar nature i.e. fixed assets of NABARD, being highway project comprising of all superstructure including highway lightings, road barriers and dividers, bridges, culverts and all other super structures constructed on national highways entrusted to NABARD, enforcement of security will be tedious in nature, difficult and its realisable value will depend upon the market condition at that time and various extraneous factors at relevant time. The Trustee is not a guarantor and will not be responsible for any loss or claim.

45. ***Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.***

The Bonds will be secured by a charge on the book debts of NABARD. However, the Bonds may be subordinated to certain liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.



**46. *The Bonds are not guaranteed by the Republic of India.***

The Bonds are not the obligations of, or guaranteed by, the Republic of India. In addition, the GoI is under no obligation to maintain the solvency of NABARD. Therefore, investors should not rely on the GoI ensuring that NABARD fulfils its obligations under the Bonds.

**47. *Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds.

**48. *The Bonds are subject to the risk of change in law.***

The terms and conditions of the Bonds are based on Indian law in effect as of the date of issue of the relevant Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

**49. *Some of the information included in this Prospectus has been prepared by third parties and may be inaccurate or outdated.***

This Prospectus includes information on the Indian economy taken from third parties, which NABARD believes are reliable. However, the information taken from third parties and included in this Prospectus may be inaccurate and outdated, and NABARD makes no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus. NABARD also cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Prospectus.

## SECTION III-INTRODUCTION

### THE ISSUE

The CBDT has by the CBDT Notifications, authorised the Issuer to raise the bonds aggregating to ₹ 5,000 crore in Fiscal 2016 having tax benefits under section 10(15)(iv)(h) of the Income Tax Act. Pursuant to the private placement offer letter dated February 23, 2016, NABARD has issued and allotted tax free bonds aggregating to ₹ 1,500 crore on a private placement basis on February 25, 2016. NABARD now proposes to raise ₹ 3,500 crore through the issue of Bonds by way of this Public Issue prior to March 31, 2016, as approved by its Board by its resolution dated February 22, 2016.

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “*Terms of the Issue*” on page 111 of this Prospectus.

### COMMON TERMS FOR ALL SERIES OF THE BONDS

The key common terms and conditions of the Bonds are as follows:

|   |  |
|---|--|
| <b>Issuer</b>                             | <b>National Bank for Agriculture and Rural Development (NABARD).</b>   |
| <b>Type of Instrument</b>                 | Public Issue of tax-free, secured, redeemable, non-convertible Bonds of face value of ₹ 1,000.00 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, for an amount of ₹ 3,500 crore during fiscal 2016.  |
| <b>Nature of Instrument</b>               | Tax-free, secured, redeemable, non-convertible bonds in the nature of debentures.  |
| <b>Nature of Indebtedness / Seniority</b> | The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NABARD, existing or in the future, and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank <i>pari passu</i> inter se to the claims of other secured creditors of NABARD having the same security.   |
| <b>Mode of Issue</b>                      | Public Issue.  |
| <b>Eligible Investors</b>                 | <p><b>Category I*</b></p> <ul style="list-style-type: none"> <li>• Public financial institutions, SCBs, Indian multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crore, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• National Investment Fund (set up by resolution no. F. No. 2 / 3 / 2005-DDII dated November 23, 2005 of the GoI and published in the Gazette of India);</li> <li>• Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;</li> <li>• Mutual funds registered with SEBI; and</li> <li>• Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul> <p>* <i>With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</i></p> <p><i>The Issuer shall not be required to recognize any trust or any right with respect of the Bond other than the absolute right of the trustee as holder.</i></p> |

|   |   |
|---|---|
|   | <p><b>Category II*</b></p> <ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013*;</li> <li>• Statutory bodies / corporations*;</li> <li>• Co-operative banks;</li> <li>• Public / private / religious / charitable trusts;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008;</li> <li>• Societies in India registered under law and eligible to invest in Bonds;</li> <li>• RRBs;</li> <li>• Association of Persons;</li> <li>• Partnership firms in the name of partners; and</li> <li>• Any other domestic legal entities / persons as may be permissible under the CBDT Notifications and authorised to invest in the Bonds in terms of applicable laws.</li> </ul> <p>* <i>With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</i></p> <p><b>Category III</b></p> <p>The following Applicant applying for an amount aggregating to above ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul> <p><b>Category IV</b></p> <p>The following Applicants applying for an amount aggregating up to and including ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul> |
| <b>Listing</b>                                    | The Bonds are proposed to be listed on BSE within 12 Working Days from the Issue Closing Date.  |
| <b>Put / Call</b>                                 | Not Applicable.   |
| <b>Rating of the Instrument</b>                   | “CRISIL AAA / Stable” by CRISIL “IND ‘AAA’ / Stable” by India Ratings.  |
| <b>Issue Size</b>                                 | ₹ 3,500 crore.  |
| <b>Objects of the Issue</b>                       | Please see section titled “ <i>Objects of the Issue</i> ” on page 47 of this Prospectus.  |
| <b>Details of the utilization of the Proceeds</b> | Please see section titled “ <i>Objects of the Issue</i> ” on page 47 of this Prospectus.  |
| <b>Step Up / Step Down Coupon</b>                 | N.A.  |

|  |  |
|--|--|
| <b>Rate</b>                              |  |
| <b>Day Count Basis</b>                   | Actual / Actual. For further details please see section titled “ <i>Terms of the Issue</i> ” on page 111 of this Prospectus.   |
| <b>Interest on Application Money</b>     | Please see section titled “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 117 of this Prospectus.  |
| <b>Default Interest Rate</b>             | As specified in the Bond Trust Deed to be executed between the NABARD and the Trustee for the Bondholders.   |
| <b>Issue Price</b>                       | ₹ 1,000.00 for each bond.  |
| <b>Face Value</b>                        | ₹ 1,000.00 for each bond.  |
| <b>Issue Opening Date</b>                | March 9, 2016.   |
| <b>Issue Closing Date</b>                | March 14, 2016.<br><br>The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, with an option for early closure or extension, except that the Issue may close on such earlier date or extended date as may be decided by the Board or a duly constituted committee or authorized person thereof. In the event of an early closure or extension of the Issue, the Issuer shall ensure that notice of the same is provided to the prospective investors through an advertisement in at least one daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. |
| <b>Pay-in Date</b>                       | Application date (Full Application Amount is payable on Application. In case of ASBA Applications full Application Amount will be blocked.)  |
| <b>Deemed Date of Allotment</b>          | The date on which the Board or a duly constituted committee or authorized person thereof approves the Allotment of the Bonds or such date as may be determined by the Board or a duly constituted committee or authorized person thereof and notified to the Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified in the Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.  |
| <b>Trading mode of the Instrument</b>    | Compulsorily in dematerialised form.**   |
| <b>Issuance mode of the Instrument</b>   | Dematerialised form or physical form as specified by an Applicant in the Application Form.   |
| <b>Settlement mode of the Instrument</b> | 1. Direct credit;<br>2. NECS;<br>3. RTGS;<br>4. NEFT; and<br>5. Cheques / pay order / demand draft.<br><br>For further details in respect of the aforesaid modes, please see section titled “ <i>Terms of the Issue – Mode of Payment</i> ” on page 119 of this Prospectus.  |
| <b>Depositories</b>                      | NSDL and CDSL.   |
| <b>Working Day Convention</b>            | All days, excluding Sundays or a holiday of commercial banks or a public holiday in Mumbai, except with reference to Issue Period and Record Date, where Working Days  |

|   |  |
|---|--|
|   | shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, being the period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.  |
| <b>Record Date</b>                                | The record date for the purpose of Interest Payment or the Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Issuer to the stock exchanges shall be considered as Record Date.   |
| <b>Security</b>                                   | The Bonds shall rank pari passu inter-se, and shall be secured by way of (i) first pari passu charge on the present and future book debts of NABARD (excluding any book debts which have been or may be exclusively charged to other lenders or trustees) and (ii) a first pari passu charge on a specific immovable asset of NABARD, as set out in the Bond Trust Deed, to the extent of at least 100% of the principal amounts outstanding and interest due thereon in respect of the Bonds until all amounts on the Bonds are repaid in full. The assets, being the book debts and immovable property, on which charge is created are free from any encumbrances.   |
| <b>Transaction Documents</b>                      | The Draft Prospectus, the Prospectus, the Application Form along with the Abridged Prospectus read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents / agreements / undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the Registrar Agreement and the Issue Agreement, NSDL Agreement, CDSL Agreement and the Consortium Agreement.<br><br>Please see section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 156 of this Prospectus. |
| <b>Conditions Precedent to Disbursement</b>       | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.   |
| <b>Condition Subsequent to Disbursement</b>       | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.  |
| <b>Events of Default</b>                          | Please see section titled “ <i>Terms of the Issue – Events of Default</i> ” on page 120 of this Prospectus.  |
| <b>Provisions related to Cross Default Clause</b> | As provided in the Bond Trust Deed to be executed between the Issuer and the Bond Trustee.   |
| <b>Registrar</b>                                  | Link Intime India Private Limited.   |
| <b>Mode of Application Money</b>                  | 1. At par cheques;<br>2. Demand drafts; and<br>3. ASBA.  |
| <b>Market Lot / Trading Lot</b>                   | One Bond.  |
| <b>Bond Trustee</b>                               | Axis Trustee Services Limited.   |
| <b>Role and Responsibilities of Bond Trustee</b>  | The Bond Trustee for the Issue is Axis Trustee Services Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.  |
| <b>Governing Law and Jurisdiction</b>             | The laws of the Republic of India with Courts at Mumbai.   |

\*\* NABARD will make public issue of the Bonds in the dematerialised form as well as physical form. In terms of Section 8 (1) of the Depositories Act, NABARD, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.

Participation by any of the above-mentioned investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions / consents / approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

| Options              | Series of Bonds*<br>Category I, II & III <sup>#</sup> |            |
|----------------------|---|------------|
|                      | Series IA   | Series IIA |
| Coupon Rate (%) p.a. | 7.04%   | 7.35%      |
| Annualized Yield (%) | 7.04%   | 7.35%      |

| Options              | Series of Bonds*<br>Category IV <sup>#</sup> |            |
|----------------------|--|------------|
|                      | Series IB                                    | Series IIB |
| Coupon Rate (%) p.a. | 7.29%  | 7.64%      |
| Annualized Yield (%) | 7.29%  | 7.64%      |

| Common Terms  | Series of Bonds<br>Category I, II, III & IV <sup>#</sup>   |  |
|---|--|--|
| Tenor   | 10 Years   | 15 Years   |
| Redemption Date   | At the end of 10 Years from the Deemed Date of Allotment   | At the end of 15 Years from the Deemed Date of Allotment |
| Redemption Amount (₹ / Bond)  | Repayment of the Face Value plus any interest that may have accrued at the Redemption Date   |  |
| Redemption Premium / Discount   | Not applicable   |  |
| Coupon Payment Frequency  | Annual   |  |
| Minimum Application Size and thereafter in multiple of                              | 5 Bonds (₹ 5,000) (individually or collectively across all Series of Bonds) and in multiple of one Bond (₹ 1,000) thereafter   |  |
| Face Value (₹ / Bond)   | ₹ 1,000.00   |  |
| Issue Price (₹ / Bond)  | ₹ 1,000.00   |  |
| Mode of Interest Payment  | For various modes of interest payment, please see section titled “ <i>Terms of the Issue – Mode of Payment</i> ” on page 119 of this Prospectus.   |  |
| Coupon Payment Date   | The first Interest Payment Date shall be the date falling one year from Deemed Date of Allotment and, for subsequent fiscals, shall be the same date of such respective fiscal. The last coupon / interest payment in each case will be made on the respective Redemption Dates / Maturity Dates for each Series of Bonds. |  |
| Coupon Reset Process  | Not applicable   |  |
| Coupon Type   | Fixed  |  |
| Interest on Application Money   | Please see section titled “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 117 of this Prospectus.  |  |
| Discount at which Bonds are issued and effective yield as a result of such discount | Not applicable   |  |

\* The Issuer shall allocate and Allot Bonds of Series IA / Series IB (depending upon the Category of Applicants) to all valid Applications, as may be applicable, wherein the Applicants have not indicated their choice of the relevant Bond series in their Application Form.

# In pursuance of CBDT Notifications and for avoidance of doubts, it is clarified as under:

a. The coupon rates indicated under Series IB and Series IIB shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.

- b. *In case the Bonds allotted against Series IB and Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series IA and Series IIA respectively.*
- c. *If the Bonds allotted against Series IB and Series IIB are sold / transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
- d. *Bonds allotted against Series IB and Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;*
- e. *If on any Record Date, the original Category IV allottee(s) / transferee(s) hold the Bonds under Series IB and Series IIB, Series IA and Series IIA for an aggregate face value amount of over ₹ 10.00 lakh, then the coupon rate applicable to such Category IV allottee(s) / transferee(s) on Bonds under Series IB and Series IIB shall stand at par with coupon rate applicable on Series IA and Series IIA respectively;*
- f. *Bonds allotted under Series IA and Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*
- g. *For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the Issue shall be clubbed and taken together on the basis of PAN.*

## SUMMARY OF FINANCIAL INFORMATION

The following tables present an extract of the standalone financial information, the standalone financial information should be read in conjunction with the examination report thereon issued by the Statutory Auditors and statement of significant accounting policies and notes to accounts on the standalone financial information contained in the section titled “*Financial Information*” as appended to **Annexure A** this Prospectus

### NABARD STATEMENT OF REFORMATTED STANDALONE ASSETS & LIABILITIES

(in ₹ crore)

| Sr. No. | FUNDS AND LIABILITIES   | SCHEDULE | As on            | As on            | As on            | As on            | As on            |
|---------|---|----------|------------------|------------------|------------------|------------------|------------------|
|         |   |          | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
| 1       | Capital<br>(Under Section 4 of the NABARD Act, 1981)          |          | 5000.00          | 4700.00          | 4000.00          | 3000.00          | 2000.00          |
| 2       | Reserve Fund and other Reserves                               | 1        | 19600.99         | 17156.55         | 15234.17         | 13407.69         | 11862.72         |
| 3       | National Rural Credit Funds                                   | 2        | 16070.00         | 16066.00         | 16062.00         | 16058.00         | 16045.00         |
| 4       | Funds out of grants received from International Agencies      | 3        | 113.96           | 119.05           | 125.38           | 139.21           | 138.90           |
| 5       | Gifts, Grants, Donations and Benefactions                     | 4        | 1515.05          | 896.48           | 977.40           | 657.92           | 2601.89          |
| 6       | Other Funds   | 5        | 4081.02          | 3883.78          | 4154.76          | 4157.12          | 3431.47          |
| 7       | Deposits  | 6        | 186454.24        | 165445.96        | 114060.86        | 95397.76         | 82776.68         |
| 8       | Bonds and Debentures  | 7        | 34007.49         | 36215.20         | 47665.96         | 38583.86         | 26788.21         |
| 9       | Borrowings  | 8        | 9476.17          | 1018.27          | 3109.16          | 4328.48          | 7681.29          |
| 10      | Current Liabilities and Provisions                            | 9        | 9489.77          | 9072.87          | 7780.75          | 6345.17          | 5546.10          |
|         | <b>Total</b>  |          | <b>285808.69</b> | <b>254574.16</b> | <b>213170.44</b> | <b>182075.21</b> | <b>158872.26</b> |
|         | Forward Foreign Exchange Contracts<br>(Hedging) as per contra |          | 640.46           | 780.89           | 592.83           | 632.33           | 592.10           |

(in ₹ crore)

| Sr. No. | PROPERTY AND ASSETS   | SCHEDULE | As on            | As on            | As on            | As on            | As on            |
|---------|---|----------|------------------|------------------|------------------|------------------|------------------|
|         |   |          | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
| 1       | Cash and Bank Balances  | 10       | 13125.96         | 13622.08         | 8997.19          | 8544.37          | 10765.27         |
| 2       | Investments   | 11       | 21238.29         | 23310.83         | 15713.77         | 18209.83         | 19329.51         |
| 3       | Advances  | 12       | 245899.49        | 212894.36        | 184972.17        | 152625.95        | 126028.00        |
| 4       | Fixed Assets  | 13       | 325.19           | 325.28           | 315.45           | 225.06           | 280.98           |
| 5       | Other Assets  | 14       | 5219.76          | 4421.61          | 3171.86          | 2470.00          | 2468.50          |
|         | <b>Total</b>  |          | <b>285808.69</b> | <b>254574.16</b> | <b>213170.44</b> | <b>182075.21</b> | <b>158872.26</b> |
|         | Forward Foreign Exchange Contracts<br>(Hedging) as per contra |          | 640.46           | 780.89           | 592.83           | 632.33           | 592.10           |
|         | Commitment and Contingent Liabilities                         | 17       |                  |                  |                  |                  |                  |
|         | Significant Accounting Policies and Notes on Accounts         | 18       |                  |                  |                  |                  |                  |



**NABARD STATEMENT OF REFORMATTED STANDALONE PROFIT AND LOSS**

(in ₹ crore)

| Sr. No. | INCOME  | SCHEDULE | 2014-15         | 2013-14         | 2012-13          | 2011-12          | 2010-11        |
|---------|---|----------|-----------------|-----------------|------------------|------------------|----------------|
| 1       | Interest received on Loans and Advances       |          | 15267.30        | 13091.05        | 11,204.14        | 9,511.97         | 8169.14        |
| 2       | Income from Investment Operations / Deposits  |          | 2217.97         | 2159.68         | 1,497.05         | 1,346.02         | 943.24         |
| 3       | Other Income( Refer Note B-11 of Schedule 18) |          | 319.19          | 191.60          | 182.22           | 120.51           | 89.63          |
|         | <b>Total "A"</b>                              |          | <b>17804.46</b> | <b>15442.33</b> | <b>12,883.42</b> | <b>10,978.50</b> | <b>9202.01</b> |

(in ₹ crore)

| Sr. No. | EXPENDITURE   | SCHEDULE | 2014-15         | 2013-14         | 2012-13         | 2011-12        | 2010-11        |
|---------|---|----------|-----------------|-----------------|-----------------|----------------|----------------|
| 1       | Interest and Financial Charges (Refer Note B-10 of Schedule-18) | 15       | 12928.96        | 11297.52        | 8954.83         | 7534.02        | 6193.87        |
| 2       | Establishment and Other Expenses                                | 16 A     | 1229.69         | 1223.00         | 1054.36         | 978.16         | 1077.71        |
| 3       | Expenditure on Promotional Activities                           | 16 B     | 61.19           | 36.00           | 52.48           | 48.95          | 48.39          |
| 4       | Provisions  | 16 C     | 114.25          | 73.13           | 164.77          | 144.18         | 35.60          |
| 5       | Depreciation  |          | 48.91           | 24.67           | 19.82           | 21.22          | 22.58          |
|         | <b>Total "B"</b>  |          | <b>14383.00</b> | <b>12654.33</b> | <b>10246.26</b> | <b>8726.53</b> | <b>7378.15</b> |
| 5       | <b>Profit before Tax (A - B)</b>                                |          | <b>3421.46</b>  | <b>2788.00</b>  | <b>2637.16</b>  | <b>2251.97</b> | <b>1823.86</b> |
| 6       | <b>Provision for</b>  |          |                 |                 |                 |                |                |
|         | a) Income Tax   |          | 1053.90         | 957.56          | 843.90          | 455.00         | 460.00         |
|         | b) Deferred Tax -( Asset)<br>( Refer Note B-14 of Schedule 18)  |          | -35.70          | -29.81          | -14.80          | 162.00         | 84.65          |
|         | c) Provision for Fringe Benefit Tax                             |          | 0.00            | 0.00            |                 |                |                |
| 7       | <b>Profit after Tax</b>   |          | <b>2403.26</b>  | <b>1860.25</b>  | <b>1808.07</b>  | <b>1634.97</b> | <b>1279.21</b> |
|         | Significant Accounting Policies and Notes on Accounts           | 18       |                 |                 |                 |                |                |

**NABARD STATEMENT OF REFORMATTED STANDALONE CASH FLOWS**

(in ₹ crore)

| <b>Particulars</b>  | <b>2014-2015</b>  | <b>2013-2014</b>  | <b>2012-13</b>   | <b>2011-12</b>   | <b>2010-11</b>   |
|---|-------------------|-------------------|------------------|------------------|------------------|
| <b>(a) Cash flow from Operating activities</b>  |                   |                   |                  |                  |                  |
| Net Profit as per Profit and Loss a/c before tax  | <b>3,421.46</b>   | <b>2,788.00</b>   | <b>2637.16</b>   | <b>2251.97</b>   | <b>1823.86</b>   |
| Adjustment for:   |                   |                   |                  |                  |                  |
| Depreciation  | 48.91             | 24.67             | 19.82            | 21.22            | 22.58            |
| Provisions and Amortisations  | 11.97             | -8.46             | 8.74             | -0.80            | 2.78             |
| Provision for Non performing Assets   | 0.04              | -12.63            | 33.26            | 14.87            | 32.90            |
| Provision for Standard Assets   | 124.20            | 88.07             | 125.66           | 78.74            | 0.00             |
| Provision for sacrifice in interest element of Restructured Loan  | -21.96            | -11.31            | -2.88            | 51.37            | -0.08            |
| Profit / Loss on sale of Fixed Assets   | -0.02             | -0.14             | -0.29            | 0.13             | 0.05             |
| Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)  | 252.30            | 284.49            | 261.60           | 139.38           | 118.37           |
| Other Expenses  | 0.00              | 0.00              | 0.00             | 0.00             | 0.00             |
| Income from Investment (including Discount Income)  | -2,219.21         | -2,161.47         | -1498.84         | -1346.02         | -938.80          |
| Expenditure from various Funds  | 0.00              | 0.00              |                  |                  |                  |
| <b>Operating profit before changes in operating assets</b>  | <b>1,617.69</b>   | <b>991.22</b>     | <b>1584.23</b>   | <b>1210.86</b>   | <b>-4430.89</b>  |
| Adjustment for changes in working capital :   |                   |                   |                  |                  |                  |
| (Increase) / Decrease in Current Assets   | 1,757.66          | -6,590.58         | -1727.58         | 2133.69          | -1002.50         |
| Increase / (Decrease) in Current Liabilities  | 419.07            | 1,321.67          | 1435.58          | 799.07           | 681.47           |
| Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff  | -31,335.58        | -25,979.15        | -30409.50        | -25661.77        | -19035.55        |
| <b>Cash generated from operating activities</b>   | <b>-27,541.16</b> | <b>-30,256.84</b> | <b>-29117.27</b> | <b>-21518.16</b> | <b>-19356.58</b> |
| Income Tax paid - Net of refund   | -1,195.56         | -1,038.21         | -1588.99         | -426.75          | -539.24          |
| (Out of above ` 853.42 crore paid on account of taxability of RIDF/ STCRC differential debited to Watershed Development / Tribal Development / Financial Inclusion Fund ) |                   |                   |                  |                  |                  |
| <b>Net cash flow from operating activities (A)</b>  | <b>-28,736.73</b> | <b>-31,295.05</b> | <b>-30706.26</b> | <b>-21944.90</b> | <b>-18885.65</b> |
| <b>(b) Cash flow from Investing activities</b>  |                   |                   |                  |                  |                  |
| Income from Investment (including Discount Income)  | 2,217.97          | 2,159.68          | 1497.05          | 1346.02          | 943.24           |
| Purchase of Fixed Asset   | -53.13            | -45.95            | -115.78          | -21.92           | -74.69           |
| Sale of Fixed Assets  | 4.32              | 11.59             | 5.85             | 5.01             | 5.81             |
| Increase / Decrease in Investment   | 288.17            | -9,605.33         | 403.81           | 2.85             | -1406.81         |
| <b>Net cash used / generated from investing activities (B)</b>  | <b>2,457.34</b>   | <b>-7,480.00</b>  | <b>1790.93</b>   | <b>1331.95</b>   | <b>-532.46</b>   |
| <b>(c) Cash flow from financing activities</b>  |                   |                   |                  |                  |                  |
| Grants / contributions received   | 601.42            | -606.13           | 882.25           | -1434.40         | -1566.90         |
| Proceeds of Bonds   | -2,207.70         | -11,450.77        | 9082.10          | 11795.65         | 6783.83          |
| Increase / (Decrease) in Borrowings   | 8,457.90          | -2,090.89         | -1219.32         | -3352.81         | 2503.49          |
| Increase / (Decrease) in Deposits   | 21,008.28         | 51,385.11         | 18663.10         | 12621.08         | 12780.66         |
| Increase in Share capital   | 300.00            | 700.00            | 1000.00          | 1000.00          |                  |
| <b>Net cash raised from financing activities (C)</b>  | <b>28,159.89</b>  | <b>37,937.32</b>  | <b>28408.14</b>  | <b>20629.52</b>  | <b>20501.08</b>  |
| Net increase in cash and cash equivalent (A)+(B)+(C)  | 1,880.51          | -837.74           | -507.19          | 16.57            | 1082.98          |
| Cash and Cash equivalent at the beginning of the year   | 434.44            | 1,272.19          | 1779.37          | 1762.81          | 628.34           |

| <b>Particulars</b>   | <b>2014-2015</b> | <b>2013-2014</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> |
|--|------------------|------------------|----------------|----------------|----------------|
| <b>Cash and cash equivalent at the end of the year</b>               | <b>2,314.96</b>  | <b>434.44</b>    | <b>1272.19</b> | <b>1779.37</b> | <b>1762.81</b> |
|  |                  |                  |                |                |                |
|  |                  |                  |                |                |                |
| <b>1. Cash and cash equivalent at the end of the year includes :</b> |                  |                  |                |                |                |
| Cash in hand   | 0.00             | 0.00             | 0.00           | 0.00           | 0.00           |
| Balance with Reserve Bank of India                                   | 2,030.04         | 107.31           | 611.41         | 1168.80        | 38.85          |
| Balances with other Banks in India                                   | 120.04           | 11.64            | 127.87         | 379.62         | 801.32         |
| Remittances in Transit   | 0.05             | 104.40           | 1.35           | 0.03           | 694.44         |
| Inter fund transfer  | 0.00             | 0.00             | 0.00           | 0.00           | 0.00           |
| Collateralised Borrowing and Lending Obligations                     | 164.83           | 211.09           | 531.56         | 230.93         | 228.19         |
| <b>Total</b>   | <b>2,314.96</b>  | <b>434.44</b>    | <b>1272.19</b> | <b>1779.37</b> | <b>1762.81</b> |

## KEY FINANCIAL INDICATORS

(in ₹ crore)

| Parameters  | Period ended<br>September 30, 2015 | Fiscal Year<br>2014-15 | Fiscal Year<br>2013-14 | Fiscal Year<br>2012-13 |
|---|------------------------------------|------------------------|------------------------|------------------------|
| For Financial Entities                            |                                    |                        |                        |                        |
| Networth*   | 25,580.67                          | 24,328.84              | 21,615.61              | 18,967.63              |
| Total Debt  | 2,33,704.25                        | 2,29,937.9             | 2,02,679.43            | 1,64,835.97            |
| of which  |                                    |                        |                        |                        |
| - Non Current Maturities of Long Term Borrowing** | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| - Short Term Borrowing**                          | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| - Current Maturities of Long Term Borrowing**     | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Net Fixed Assets                                  | 337.18                             | 325.19                 | 325.28                 | 315.45                 |
| Non Current Assets**                              | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Cash and Cash Equivalents                         | 159.28                             | 2314.96                | 434.44                 | 1272.19                |
| Current Investments**                             | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Current Assets**                                  | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Current Liabilities**                             | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Assets Under Management                           | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Off Balance Sheet Assets                          | -                                  | -                      | -                      | -                      |
| Interest Income                                   | 10,067.06                          | 17,485.27              | 15,250.73              | 12,701.19              |
| Interest Expense                                  | 7,412.10                           | 12,928.96              | 11,297.52              | 8,954.83               |
| Provisioning & Write-offs                         | 24.43                              | 114.25                 | 73.13                  | 164.77                 |
| PAT   | 1,251.83                           | 2,403.26               | 1,860.25               | 1,808.07               |
| Gross NPA (%)                                     | 0.0497%                            | 0.04985%               | 0.04326%               | 0.05695%               |
| Net NPA (%)                                       | 0.0075%                            | 0.0092%                | 0.0089%                | 0.0122%                |
| Tier I Capital Adequacy Ratio (%)                 | 16.39%                             | 15.83%                 | 15.48%                 | 17.33%                 |
| Tier II Capital Adequacy Ratio (%)                | 1.08%                              | 1.08%                  | 1.13%                  | 0.91%                  |

\* In terms of Section 2(57) in the Companies Act, 2013.

\*\*Not applicable as NABARD is not required to prepare financials as per Schedule III of the Companies Act, 2013.

## SUMMARY OF BUSINESS

*In this section any reference to “we”, “us”, “our” or “NABARD” refers to National for Agriculture and Rural Development. Unless stated otherwise, the financial data in this section is according to our financial information prepared in accordance with the requirements of the SEBI Debt Regulations set forth elsewhere in the Prospectus.*

*The following information should be read together with the more detailed business, financial and other information included in this Prospectus, including the information contained in the sections titled “Our Business” and “Risk Factors” on pages 57 and 13 of this Prospectus.*

### Overview

NABARD is an apex development institution in India, having its headquarters in Mumbai (Maharashtra). NABARD has a mandate under the NABARD Act to facilitate credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas in India with a view to promoting integrated rural development. It was established on July 12, 1982 by a special Act of Parliament and its main focus has since been the upliftment and development of rural India by increasing the credit flow for elevation of agriculture and rural non-farm sector. It completed 34 years on January 1, 2016. It has been entrusted with matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India. As on March 31, 2015, NABARD operates throughout the country through its 31 Regional Offices, a cell at Srinagar and Training establishments at Lucknow, Bolpur and Mangalore. It also has 400 District Development Offices across the country as of March 31, 2015. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas.

### Genesis and Mission

NABARD was a product of CRAFTCARD lead by the Chairman Mr B. Sivaraman, a former member of Planning Commission of India, GoI. The Sivaraman Committee was constituted by the RBI on March 30, 1979 at the instance of the GoI, to review the arrangements for institutional credit for agricultural and rural development. This committee, in its interim report, submitted on November 28, 1979, felt the need for a new organisational structure for providing undivided attention, forceful direction and pointed focus to the credit problems arising out of integrated rural development and recommended the formation of National Bank for Agriculture and Rural Development. The Parliament, through Act, 61 of 1981, approved the setting up of NABARD. Eventually the institution came into existence on July 12, 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then ARDC. NABARD was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on November 5, 1982.

NABARD was set up with an initial capital of ₹ 100 crores. Consequent to the revision in the composition of share capital between GoI and RBI, the share capital as on March 31, 2015, stood at ₹ 5,000 crores with GoI holding ₹ 4,980 crores (99.60%) and RBI ₹ 20.00 crores (0.40%).

NABARD functions with the mission to “Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.”

### Ownership of NABARD

Initially, RBI held 72.5% of share capital in NABARD amounting to ₹ 1,450 crores. The remaining shareholding of ₹ 550 crore was with the GoI. The Union Cabinet in May 2008 approved the RBI's proposal to transfer its shareholding in NABARD to the GoI. Accordingly, the GoI issued a notification on September 16, 2010 prescribing the proportion of subscription/ownership of GoI and RBI in NABARD as 99% and 1% respectively. In terms of RBI circular dated October 14, 2010, RBI had divested its stake amounting to ₹ 1,430 crores in NABARD on October 13, 2010. With this, the RBI's holding in NABARD came down to 1% of shareholding in NABARD. In September 2013, GoI gave an amount of ₹ 700 crores towards share capital. Consequent to this the shareholding of GoI and RBI in the share capital of NABARD as at the date of this Prospectus is at 99.60:0.40, respectively.

### Business Operations

NABARD undertakes its financings activities through direct finance and refinance which is available to SCARDBs, State Co-operative Banks, RRBs, Commercial Banks and other financial institutions approved by RBI.

## GENERAL INFORMATION

NABARD a financial institution established under Section 3 of the NABARD Act came into existence on July 12, 1982 and having a perpetual succession and a common seal.

### Head Office of NABARD

Plot No. C-24  
G- Block, Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Telephone: +91 22 2653 9260 / 9844  
Facsimile: +91 22 2653 0099 / 0137  
Website: [www.nabard.org](http://www.nabard.org)  
Email: [taxfree2016@nabard.org](mailto:taxfree2016@nabard.org)

### Compliance Officer

#### Mr. T. S. Sivasankaran

Plot No. C-24  
G- Block, Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Telephone: +91 22 2653 9062  
Facsimile: +91 22 2653 0099  
Email: [compliance.officer@nabard.org](mailto:compliance.officer@nabard.org)

### Chief General Manager (Finance)

#### Mrs. Padma Raghunathan

2nd floor D-Wing, C-24  
G-Block, BKC, Bandra (East)  
Mumbai 400 051  
Tel: +91 22 2653 0095  
Facsimile: +91 22 2653 0099  
Email: [fd@nabard.org](mailto:fd@nabard.org)

**All grievances relating to the Issue may be addressed to the Compliance Officer or Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.**

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, number of Bonds applied for, amount blocked on Application**

**All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the Designated Stock Exchange.**

### Lead Managers to the Issue

#### A. K. Capital Services Limited

30-39 Free Press House  
3rd Floor, Free Press Journal Marg  
215 Nariman Point  
Mumbai 400 021  
Telephone: +91 22 6754 6500 / 6634 9300  
Facsimile: +91 22 6610 0594  
Email: [nabardtfb16@akgroup.co.in](mailto:nabardtfb16@akgroup.co.in)  
Investor Grievance Email: [investor.grievance@akgroup.co.in](mailto:investor.grievance@akgroup.co.in)  
Website: [www.akcapindia.com](http://www.akcapindia.com)  
Contact Person: Ms. Shilpa Pandey / Ms. Hena Mall Vaidya  
Compliance Officer: Ms. Kanchan Singh

SEBI Registration No.: INM000010411

**Edelweiss Financial Services Limited**

Edelweiss House  
Off CST Road, Kalina  
Mumbai 400 098  
Telephone: +91 22 4086 3535  
Facsimile: +91 22 4086 3610  
Email: nabardtf2015@edelweissfin.com  
Investor Grievance Email: customerservice.mb@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person: Mr. Lokesh Singhi/ Mr. Mandeep Singh  
Compliance Officer: Mr. B. Renganathan  
SEBI Registration No.: INM0000010650

**ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg  
Churchgate  
Mumbai 400 020  
Telephone: +91 22 2288 2460  
Facsimile: +91 22 2282 6580  
Email: nabard.taxfreebonds@icicisecurities.com  
Investor Grievance Email: customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Anurag Byas / Mr. Govind Khetan  
Compliance Officer: Mr. Subir Saha  
SEBI Registration No.: INM000011179

**RR Investors Capital Services Pvt. Ltd.**

47, M.M. Road, Rani Jhansi Marg  
Jhandewalan  
New Delhi 110 055  
Telephone: +91 11 2363 6362  
Facsimile: +91 11 2363 6746  
Email: nabardtaxfree2016@rrfcl.com  
Investor Grievance Email: investors@rrfcl.com  
Website: www.rrfcl.com / www.rrfinance.com  
Contact Person: Mr. Anurag Awasthi  
Compliance Officer: Mr. Ravi Kant Goyal  
SEBI Registration No.: INM000007508

**SBI Capital Markets Limited**

202, Maker Tower E  
Cuffe Parade  
Mumbai 400 005  
Telephone: +91 22 2217 8300  
Facsimile: +91 22 2218 8332  
Email: nabardtaxfree@sbicaps.com  
Investor Grievance Email: investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Nikhil Bhiwapurkar / Ms. Kavita Tanwani  
Compliance Officer: Mr. Bhaskar Chakraborty  
SEBI Registration No: INM000003531

**Consortium Members to the Issue**

**A. K. Stockmart Private Limited**

30-39, Free Press House  
Free Press Journal Marg  
215, Nariman Point  
Mumbai 400 021  
Telephone: +91 22 6754 6500  
Facsimile: +91 22 6754 4666

Email: ankit@akgroup.co.in  
Investor Grievance Email: stockmart@akgroup.co.in  
Website: www.akcapindia.com  
Contact Person: Mr. Ankit Gupta and Mr. Sanjay Shah  
SEBI Registration No: INB231269532 and INB011269538

**Edelweiss Securities Limited**

2<sup>nd</sup> Floor, MB Towers  
Plot No. 5, Road No. 2  
Banjara Hills  
Hyderabad 500 034  
Telephone: +91 22 4063 5569  
Facsimile: +91 22 6747 1347  
Email: Prakash.boricha@edelweissfin.com  
Investor Grievance Email: customercare@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person: Mr. Prakash Boricha  
SEBI Registration No: INB011193332, INB231193310 and INB2611933969

**RR Equity Brokers Private Limited**

47 M.M. Road, Rani Jhansi Marg  
Jhandewalan  
New Delhi 110 055  
Telephone: +91 11 2363 6362  
Facsimile: +91 11 2363 6746  
Email: jeetesh@rrfcl.com  
Investor Grievance Email: investors@rrfcl.com  
Website: www.rrfinance.com / www.rrfcl.com  
Contact Person: Mr. Jeetesh Kumar  
SEBI Registration No: INB011219632 and INB231219636

**SBICAP Securities Limited**

Marathon Futurex, 12<sup>th</sup> Floor  
A&B – Wing, N.M. Joshi Marg  
Lower Parel  
Mumbai 400 013  
Telephone: +91 22 4227 3300  
Facsimile: +91 22 4227 3390  
Email: archana.dedhia@sbicapsec.com  
Investor Grievance Email: compliance@sbicapsec.com  
Website: www.sbismart.com  
Contact Person: Ms. Archana Dedhia  
SEBI Registration No: INB231052938 and INB11053031

**Legal Counsel to the Issue**

**Cyril Amarchand Mangaldas**

V floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg, Lower Parel  
Mumbai 400 013  
Telephone: +91 22 2496 4455  
Facsimile: +91 22 2496 3666

**Legal Counsel to the Lead Managers**

**Dhir & Dhir Associates**

D-55, Defence Colony  
New Delhi 110 024  
Telephone: +91 11 4241 0000  
Facsimile: +91 11 4241 0091  
Email: nabardbonds2015@dhirassociates.com



Contact Person: Mr. Girish Rawat  
Website: www.dhirassociates.com

### **Bond Trustee to the Issue**

#### **Axis Trustee Services Limited**

Axis House, Second Floor  
Wadia International Centre  
Pandurang Budhkar Marg, Worli  
Mumbai 400 025  
Telephone: +91 22 2425 5215 / 5216  
Facsimile +91 22 2425 3000  
Email: debenturetrustee@axistrustee.com  
Investor Grievance Email: complaints@axistrustee.com  
Website: www.axistrustee.com  
Contact Person: Mr. Jayendra Shetty, Chief Operating Officer  
SEBI Registration Number: IND000000494

Axis Trustee Services Limited has given its consent to the Issuer for its appointment under regulation 4 (4) of SEBI Debt Regulations by letter no. ATSL/CO/15-16 dated February 22, 2016 and has permitted for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to the Issue. For the consent letter of the Bond Trustee, please see **Annexure C** appended to this Prospectus.

All the rights and remedies of the Bondholders under the Issue shall vest in and shall be exercised by the appointed Bond Trustee for the Issue without having it referred to the Series Bondholders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Bond Trustee so appointed by the Issuer for the Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by the Issuer to the Series Bondholders / Bond Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer pro tanto from any liability to the Series Bondholders. For further details, please see section titled “*Terms of the Issue*” on page 111 of this Prospectus.

### **Registrar to the Issue**

#### **Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound, L.B.S. Marg  
Bhandup (West)  
Mumbai 400 078  
Telephone: +91 22 6171 5400  
Facsimile: +91 22 2596 0329  
Email: nabard.bonds@linkintime.co.in  
Investor Grievance Email: nabard.bonds@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Mr. Dinesh Yadav  
SEBI Registration Number: INR000004058

### **Statutory Auditors**

#### **M/s G.M Kapadia & Co.**

36 B, Tamarind House  
Tamarind Lane, Fort  
Mumbai 400 001  
Telephone: +91 22 6611 6611  
Facsimile: +91 22 6611 6600  
Email: rajen@gmkco.com, atul@gmkco.com  
Website: www.gmkco.com  
Contact Person: Mr. Rajen Ashar, Mr. Atul Shah  
ICAI Firm Registration No. 104767W

**Auditor of NABARD since:** May 23, 2013

## **Bankers to NABARD**

### **Axis Bank Limited**

Fortune 2000, Ground Floor  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Telephone: +91 9167002302  
Facsimile: +91 22 6148 3119  
Email: [bkc.operationshead@axisbank.com](mailto:bkc.operationshead@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact Person: Mr. Percy Badhniwalla

### **ICICI Bank Limited**

ICICI Bank Limited, Unit No. – 4,  
Laxmi Towers, Bandra Kurla Complex  
Bandra East  
Mumbai- 400 0051  
Telephone: +91 22 6765 5348  
Facsimile: +91 22 6765 5345  
Email: [prashasti.singh@icicibank.com](mailto:prashasti.singh@icicibank.com),  
[anilava.dey@icicibank.com](mailto:anilava.dey@icicibank.com),  
Website: [www.icicibank.com](http://www.icicibank.com)  
Contact Person: Mr. Anilva Dey / Ms. Prashasti Singh

### **YES Bank Limited**

9<sup>th</sup> Floor, Nehru Centre, Discovery of India, Worli  
Mumbai 400 018  
Telephone: +91 22 3347 9224  
Facsimile: +91 22 2421 4513  
Email: [hemanshi.mehta@yesbank.in](mailto:hemanshi.mehta@yesbank.in)  
Website: [www.yesbank.in](http://www.yesbank.in)  
Contact Person: Ms. Hemanshi Mehta

## **Escrow Collection Banks / Bankers to the Issue**

### **Axis Bank Limited**

Fortune 2000, Ground Floor,  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Telephone: +91 9167002302 / 9920107994  
Facsimile: +91 22 6148 3119  
Email: [bkc.operationshead@axisbank.com](mailto:bkc.operationshead@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact Person: Mr. Percy Badhniwalla and Ms. Ruhee Ratnani  
SEBI Registration No. INBI00000017

### **HDFC Bank Limited**

FIG-OPS Department, - Lodha,  
I Think Techno Campus, O-3, Level  
Next to Kanjurmarg Railway Station, Kanjurmarg (East)  
Mumbai 400 042  
Telephone: +91 22 3075 2928  
Facsimile: +91 22 2579 9801  
Email: [vincent.dsouza@hdfcbank.com](mailto:vincent.dsouza@hdfcbank.com)  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact Person: Mr. Uday Dixit  
SEBI Registration No.: INBI00000063

### **ICICI Bank Limited**

Capital Market Division, 1st Floor

### **HDFC Bank Limited**

FIG-OPS Department, - Lodha  
I Think Techno Campus, O-3, Level Next to Kanjurmarg  
Railway Station, Kanjurmarg (East)  
Mumbai 400 042  
Telephone: +91 22 3075 2928  
Facsimile: +91 22 2579 9801  
Email: [vincent.dsouza@hdfcbank.com](mailto:vincent.dsouza@hdfcbank.com)  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact Person: Mr. Vincent D'souza

### **IndusInd Bank Limited**

IndusInd Bank Limited,  
Cash Management Services, PNA House  
4<sup>th</sup> Floor, Plot No. 57 & 57/1, Road No. 17  
Near SRL, MIDC, Andheri (East)  
Mumbai 400 093  
Telephone: +91 22 6106 9234  
Facsimile: +91 22 6106 9315  
Email: [suresh.esaki@indusind.com](mailto:suresh.esaki@indusind.com)  
Website: [www.indusind.com](http://www.indusind.com)  
Contact Person: Mr. Suresh Esaki

122, Mistry Bhavan, Dinshaw Vaccha Road  
Backbay Reclamation, Churchgate  
Mumbai 400 020  
Telephone: +91 22 2285 9922 / 23 / 24  
Facsimile: +91 22 2261 1138  
Email: rishav.bagrecha@icicibank.com  
Website: www.icicibank.com  
Contact Person: Mr. Rishav Bagrecha  
SEBI Registration No.: INBI00000004

**IndusInd Bank Limited**

Cash Management Services, PNA House  
4<sup>th</sup> Floor, Plot No. 57 & 57/1, Road No. 17  
Near SRL, MIDC, Andheri (East)  
Mumbai 400 093  
Telephone: +91 22 6106 9234  
Facsimile: +91 22 6106 9315  
Email: suresh.esaki@indusind.com  
Website: www.indusind.com  
Contact Person: Mr. Suresh Esaki  
SEBI Registration No.: INBI00000002

**State Bank of India**

State Bank of India, Capital Market Branch  
Videocon Heritage Building  
Charanjit Rai Marg  
Off D.N. Road, Fort  
Mumbai 400 001  
Telephone: +91 22 2209 4932, 2209 4927  
Facsimile: +91 22 22094921, 22094922  
Email: nib.11777@sbi.co.in / sbi.11777@sbi.co.in  
Website: www.sbi.co.in  
Contact person: Ms. Leena Kamat  
SEBI Registration No.: INBI00000038

**YES Bank Limited**

9<sup>th</sup> Floor, Nehru Centre  
Discovery of India, Worli  
Mumbai 400 018  
Telephone: +91 124 461 9205  
Facsimile: +91 124 414 7193  
Email: dlbtiservices@yesbank.in  
Website: www.yesbank.in  
Contact Person: Mr. Varun Kathuria/Qumarey Khan  
SEBI Registration No.: INBI00000935

**Refund Bank to the Issue**

**HDFC Bank Limited**

FIG-OPS Department, - Lodha,  
I Think Techno Campus, O-3, Level  
Next to Kanjurmarg Railway Station, Kanjurmarg (East)  
Mumbai 400 042  
Telephone: +91 22 3075 2928  
Facsimile: +91 22 2579 9801  
Email: vincent.dsouza@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Mr. Uday Dixit  
SEBI Registration No.: INBI00000063

## Self Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time.

## Trading Members

Individuals or companies registered with SEBI as “trading members” who hold the right to trade in stocks listed on Stock Exchange, through whom investors can buy or sell securities listed on the Stock Exchange, a list of which are available on Stock Exchange.

## Credit Rating Agencies

### CRISIL Limited

Crisil House, Central Avenue  
Hiranandani Business Park, Powai  
Mumbai 400 076  
Telephone: +91 22 3342 3000 (B)  
Facsimile: +91 22 3342 3050  
Email: [crisilratingdesk@crisil.com](mailto:crisilratingdesk@crisil.com)  
Website: [www.crisil.com](http://www.crisil.com)  
Contact Person: Mr. Suresh Krishnamurthy  
SEBI Registration No.: IN/CRA/001/1999

### India Ratings and Research Private Limited

Wockhardt Tower, Level 4, West Wing  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Telephone: +91 22 400 1700  
Facsimile: +91 22 400 1701  
Email: [shrikant.dev@indiaratings.co.in](mailto:shrikant.dev@indiaratings.co.in)  
Website : [www.indiaratings.co.in](http://www.indiaratings.co.in)  
Contact Person: Mr. Shrikant Dev, Compliance Officer  
SEBI Registration No.: IN/CRA/002/1999

## Credit Rating and Rationale

The bonds proposed to be issued by the Issuer have been assigned a rating of “CRISIL AAA / Stable” by CRISIL by its letter dated February 19, 2016 and a rating of “IND ‘AAA’ / Stable” by India Ratings by its letter dated February 22, 2016, for an amount up to ` 5,000 crore. The instruments with these rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. For the rationale for these ratings, please see “**Credit Rating**” appended as **Annexure B** to this Prospectus.

## Expert Opinion

Except for (i) the report dated February 23, 2016 on standalone reformatted financial statements of NABARD for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of the Statutory Auditor, (ii) the limited review report of NABARD dated October 29, 2015 for the six months period ending September 30, 2015 of the Statutory Auditor, (iii) the report dated February 19, 2016 on standalone reformatted financial statements of NABKISAN Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Bhandhari & Keswani, Chartered Accountants, (iv) the report dated February 19, 2016 on standalone reformatted financial statements of NABARD Consultancy Services Private Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Vinay Jain & Associates, Chartered Accountants, (v) the report dated February 18, 2016 on standalone reformatted financial statements of Agri Business Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Prakash & Srinivas, Chartered Accountants, (vi) the report dated February 20, 2016 on standalone reformatted financial statements of NABARD Financial Services Limited, for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. SNC & Associates, Chartered Accountants, and (vii) the report on the “Statement of Tax Benefits” dated February 23, 2016 of the Statutory Auditor, and (viii) rating rationale and credit rating letter of India Ratings; NABARD has not obtained any other expert opinion.

## Minimum Subscription

In terms of the SEBI Circular no. CIR / IMD / DF / 12 / 2014 dated June 17, 2014, minimum subscription limit is not applicable for issuers issuing tax free bonds, as specified by CBDT. Further, under the SEBI Debt Regulations, the Issuer may stipulate a minimum subscription amount which it seeks to raise. The Issuer has decided to set no minimum subscription for the Issue.

## Issue Programme

| ISSUE PROGRAMME*             |                                |
|------------------------------|--------------------------------|
| ISSUE OPENS ON March 9, 2016 | ISSUE CLOSES ON March 14, 2016 |

*\* The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or a duly constituted committee or authorized person thereof. In the event of an early closure or extension of the Issue, the Issuer shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

**APPLICATIONS FORMS FOR THE ISSUE WILL BE ACCEPTED ONLY BETWEEN 10:00 A.M. AND 5:00 P.M. (INDIAN STANDARD TIME) OR SUCH EXTENDED TIME AS MAY BE PERMITTED BY THE STOCK EXCHANGE, DURING THE ISSUE PERIOD AS MENTIONED ABOVE ON ALL DAYS BETWEEN MONDAY AND FRIDAY (BOTH INCLUSIVE BARRING PUBLIC HOLIDAY), (I) BY THE MEMBERS OF THE SYNDICATE OR THE TRADING MEMBERS OF THE STOCK EXCHANGE, AS THE CASE MAYBE, AT THE CENTERS MENTIONED IN APPLICATION FORM THROUGH THE NON-ASBA MODE OR, (II) IN CASE OF ASBA APPLICATIONS, (A) DIRECTLY BY THE DESIGNATED BRANCHES OF THE SCSBS OR (B) BY THE CENTERS OF THE MEMBERS OF THE SYNDICATE OR THE TRADING MEMBERS OF THE STOCK EXCHANGE, AS THE CASE MAYBE, ONLY AT THE SPECIFIED CITIES. ON THE ISSUE CLOSING DATE THE APPLICATION FORMS WILL BE ACCEPTED ONLY BETWEEN 10:00 A.M. AND 3:00 P.M. (INDIAN STANDARD TIME) AND UPLOADED UNTIL 5:00 P.M. (INDIAN STANDARD TIME) OR SUCH EXTENDED TIME AS MAY BE PERMITTED BY THE STOCK EXCHANGE.**

**DUE TO LIMITATION OF TIME AVAILABLE FOR UPLOADING THE APPLICATIONS ON THE ISSUE CLOSING DATE, APPLICANTS ARE ADVISED TO SUBMIT THEIR APPLICATION FORMS ONE DAY PRIOR TO THE ISSUE CLOSING DATE AND NOT LATER THAN 3:00 P.M. (INDIAN STANDARD TIME) ON THE ISSUE CLOSING DATE. APPLICANTS ARE CAUTIONED THAT IN THE EVENT IF A LARGE NUMBER OF APPLICATIONS ARE RECEIVED ON THE ISSUE CLOSING DATE, THERE MAY BE SOME APPLICATIONS WHICH MAY NOT BE UPLOADED DUE TO LACK OF SUFFICIENT TIME FOR UPLOADING. ANY SUCH APPLICATIONS WHICH ARE NOT UPLOADED WILL NOT BE CONSIDERED FOR ALLOCATION UNDER THE ISSUE. APPLICATION FORMS WILL ONLY BE ACCEPTED ON WORKING DAYS DURING THE ISSUE PERIOD. NEITHER THE ISSUER, NOR THE MEMBERS OF THE SYNDICATE OR TRADING MEMBERS OF THE STOCK EXCHANGE SHALL BE LIABLE FOR ANY FAILURE IN UPLOADING THE APPLICATIONS DUE TO FAILURE IN ANY SOFTWARE / HARDWARE SYSTEMS OR OTHERWISE.**

## CAPITAL STRUCTURE

NABARD being a statutory body established and governed by the NABARD Act is not a company under the Companies Act and accordingly does not have authorized, issued and paid up share capital. The following table lays down details of our share capital as at December 31, 2015 and as on date as provided under Section 4 of the NABARD Act as amended from time to time

| Share Capital (By way of Contribution from GoI / RBI) | Amount<br>(in ₹ crore) |
|---|------------------------|
| Share capital   | 5,000                  |

**Details of Change in Share Capital, by way of Contribution from GoI and RBI as at December 31, 2015 for the last five years**

| Date of Change     | Capital Amount<br>(in ₹ crore) | Particulars   |
|--------------------|--------------------------------|---|
| March 31, 2011*    | 2,000                          | GoI notification No F. No.7(12) / 2001-AC(1) dated June 28, 2001.       |
| March 30, 2012     | 3,000                          | GoI notification No F. No.20 / 16 / 2010 - AC dated March 30, 2012.     |
| August 3, 2012     | 3,500                          | GoI notification No F. No.20 / 16 / 2010 - AC dated June 25, 2012.      |
| March 20, 2013     | 4,000                          | GoI notification No F. No.20 / 16 / 2010 - AC dated March 12, 2013.     |
| October 1, 2013    | 4,700                          | GoI notification No F. No.20 / 16 / 2010 - AC dated September 19, 2013. |
| May, 24 2014       | 4,800                          | GoI notification No F. No.20 / 16 / 2010-AC dated May 12, 2014.         |
| September 12, 2014 | 5,000                          | GoI notification No F. No.20 / 16 / 2010-AC dated August 14, 2014.      |

\* The share capital of NABARD was increased to ₹ 2,000 crore pursuant to the GoI notification No F. No.7(12) / 2001-AC(1) dated June 28, 2001. Accordingly, NABARD's share capital as of March 31, 2011 was ₹ 2,000 crore.

### Notes to capital structure

#### 1. Capital History of the Issuer

GoI and RBI contributed to the share capital of NABARD. The details of capital history as at December 31, 2015 for the last five years are as set out below:

| Date of Notification | Paid-up Capital<br>(Enhanced to)<br>(in ₹ crore) | Nature of Contribution | Share of RBI (%) | Share of GoI (%) | Remarks   |
|----------------------|--|------------------------|------------------|------------------|---|
| September 16, 2010   | 2,000  | Cash                   | 1.00             | 99.00            | By GoI notification No. F. No. 11 / 16 / 2005 - BOA dated September 16, 2010 71.5% of the capital of NABARD held by RBI amounting to ₹ 1,430 crore stands transferred and vested in Central Govt. on payment of equivalent amount to RBI. |
| March 30, 2012       | 3,000  | Cash                   | 0.67             | 99.33            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated March 30, 2012 an amount of ₹ 1,000 crore is contributed by GoI in the share capital of NABARD.  |
| June 25, 2012        | 3,500  | Cash                   | 0.57             | 99.43            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated June 25, 2012 an amount of ₹ 500 crore is contributed by GoI in the share capital of NABARD.   |
| March 12, 2013       | 4,000  | Cash                   | 0.50             | 99.50            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated March 12, 2013 an amount of ₹ 500 crore is contributed by GoI in the share capital of NABARD.  |
| September 19, 2013   | 4,700  | Cash                   | 0.43             | 99.57            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated September 19, 2013 an amount of ₹ 700 crore is contributed by GoI in the share capital of NABARD.  |

| Date of Notification | Paid-up Capital (Enhanced to) (in ₹ crore) | Nature of Contribution | Share of RBI (%) | Share of GoI (%) | Remarks   |
|----------------------|--|------------------------|------------------|------------------|---|
| May 12, 2014         | 4,800                                      | Cash                   | 0.42             | 99.58            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated May 12, 2014 an amount of ₹ 100 crore is contributed by GoI in the share capital of NABARD.    |
| August 14, 2014      | 5,000                                      | Cash                   | 0.40             | 99.60            | By GoI notification No. F. No. 20 / 16 / 2010 - AC dated August 14, 2014 an amount of ₹ 200 crore is contributed by GoI in the share capital of NABARD. |

NABARD is governed by NABARD Act. Accordingly, NABARD does not have a shareholding pattern in terms of authroise, issued and paid-up capital.

**2. Details of Acquisition or Amalgamation in the Last One Year**

None

**3. Details of Any Reorganization or Reconstruction in the Last One Year**

None

**4. Details of the stakeholding of NABARD as on the Last Quarter End**

The following is the stakeholding of NABARD, as at December 31, 2015:

| S. No.       | Name of the Capital holders | Capital Held (in ₹ crore) | % Stake       |
|--------------|-----------------------------|---------------------------|---------------|
| 1.           | GoI                         | 4,980                     | 99.60         |
| 2.           | Reserve Bank of India       | 20                        | 0.40          |
| <b>Total</b> |                             | <b>5,000</b>              | <b>100.00</b> |

**5. Top 10 debenture holders / bondholders of NABARD.**

Based on the aggregate amount outstanding, given below are details of the top 10 debenture holders of NABARD as at December 31, 2015:

| Sr. No.      | Name of debenture / bond holder     | Amount* (in ` crore) |
|--------------|-------------------------------------|----------------------|
| 1.           | Life Insurance Corporation of India | 4,704.70             |
| 2.           | CBT EPF                             | 3,671.10             |
| 3.           | Reliance Industries Limited         | 1,460.00             |
| 4.           | HDFC Mututal Fund                   | 1,049.70             |
| 5.           | ICICI Prudential MF                 | 1,001.90             |
| 6.           | CITICORP Investment Bank Singapore  | 1,000.00             |
| 7.           | Reliance Capital Trustee Co. Ltd    | 819.30               |
| 8.           | IDFC Mutual Fund                    | 734.50               |
| 9.           | Credit Suisse AG                    | 650.00               |
| 10.          | Rajasthan Marudhara Gramin Bank     | 645.00               |
| <b>Total</b> |                                     | <b>15,736.20</b>     |

\* The amount has been consolidated on the basis of PAN of the debenture / bond holder.

**6. Long term debt to capital ratio**

| Description      | Pre Issue <sup>#</sup> | Post Issue   |
|------------------|------------------------|--------------|
| <b>Debts (A)</b> | 2,45,397.25            | 2,50,397.25* |

| Description                         | Pre Issue <sup>#</sup> | Post Issue |
|-------------------------------------|------------------------|------------|
| <b>Shareholders' Fund</b>           |                        |            |
| Share Capital                       | 5,000.00               | 5,000.00   |
| Reserves & Surplus                  | 21,152.67              | 21,152.67  |
| <b>Total Shareholders' Fund (B)</b> | 26,152.67              | 26,152.67  |
|                                     |                        |            |
| <b>Debt to Equity Ratio (A/B)</b>   | 9.38                   | 9.57       |

*# Pre Issue details are as on December 31, 2015*

\* The figures in the post issue include ₹ 5000 crores based on the assumption that entire amount allocated through the CBDT Notification being ₹ 5,000 crores will be fully subscribed. Any change in total debt (except as stated above) and net worth after December 31, 2015 has not been considered.

\*\* In terms of Section 2(57) of Companies Act, 2013.



## OBJECTS OF THE ISSUE

The CBDT has by the CBDT Notifications, authorised the Issuer to raise the bonds aggregating to ₹ 5,000 crore in Fiscal 2016 having tax benefits under section 10(15)(iv)(h) of the Income Tax Act. Pursuant to the private placement offer letter dated February 23, 2016, NABARD has issued and allotted tax free bonds aggregating to ₹ 1,500 crore on a private placement basis on February 25, 2016. NABARD now proposes to raise ₹ 3,500 crore through the issue of Bonds by way of this Public Issue prior to March 31, 2016, as approved by its Board by its resolution dated February 22, 2016.

### Utilisation of Issue Proceeds

The main objects of NABARD are provided in the NABARD Act as per which NABARD was constituted for facilities for the promotion and development of agriculture small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas.

The proceeds of the Issue shall be utilized for:

- (i) direct lending to certain irrigation projects in India based on criteria as determined from time to time by NABARD and refinancing irrigation projects; and
- (ii) up to 25% of the proceeds of the Issue may be used for general corporate purposes inclusive of issue expenses in accordance with the CBDT Notifications.

Note: Exact utilization from the Issue Proceeds towards the Objects of the Issue will depend on project execution and will be at the discretion of the members of the Board and based on any GoI or RBI directives in this regard, if any.

Further, in accordance with the SEBI Debt Regulations, NABARD will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management as NABARD. Further, NABARD is a statutory authority and, as such, we do not have any identifiable 'group' companies or 'companies under the same management'.

### Purpose for which there is a requirement of funds

As stated in this section.

### Funding Plan

Not Applicable

### Summary of the project appraisal report

Not Applicable

### Schedule of implementation of the Project

Not Applicable

### Interim use of Proceeds

The Board or a duly constituted committee or authorized person thereof, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Issuer intends to temporarily invest funds in accordance with the existing procedure, laid down by the Issuer.

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue in terms of the SEBI Debt Regulations. The Board of the Issuer shall ensure the utilisation of the proceeds of the Issue. The Issuer will disclose in the Issuer's financial statements for the relevant financial year commencing from April 1, 2016, the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Further, in accordance with the Debt Listing Agreement, the Issuer will furnish to the Designated Stock Exchange on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results. We shall utilize the proceeds of the Issue only upon execution of the documents for creation of security as stated in the section titled "*Terms of the Issue*" on page 111 of this Prospectus and upon receipt of listing and trading approval of the Bonds.

## Issue expenses

A portion of the Issue proceeds will be used to meet Issue expenses which shall not exceed 0.65% of the Issue Size. The following are the estimated Issue expenses, which shall be specified in the Prospectus:

| Particulars                      | Amount*<br>(₹ in crore) | Percentage of net proceeds<br>(Issue proceeds less Issue<br>expenses) of the Issue | Percentage of total<br>expenses of the Issue<br>(in %) |
|----------------------------------|-------------------------|--|--|
| Fees payable to Intermediaries   |                         |  |  |
| Lead Managers                    | 0.00**                  | 0.00%  | 0.00%  |
| Legal Advisors                   | 0.15                    | 0.0044%  | 0.72030512%  |
| Registrar to the Issue           | 0.01                    | 0.0004%  | 0.06776204%  |
| Bond Trustee                     | 0.02                    | 0.0005%  | 0.07469831%  |
| Advertising and marketing        | 1.20                    | 0.0342%  | 5.57569516%  |
| SCSB processing fee              | 0.01                    | 0.0001%  | 0.02329953%  |
| Selling and Brokerage commission | 19.13                   | 0.5465%  | 89.13004011%   |
| Other Miscellaneous Expenses     | 0.95                    | 0.0270%  | 4.40819974%  |
| <b>Total</b>                     | <b>21.46</b>            | <b>0.61313%</b>  | <b>100.00000000%</b>                                   |

\* Inclusive of applicable taxes.

\*\* The amount is negligible.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allotees, market conditions and other relevant factors.

NABARD shall pay processing fees to the SCSBs for ASBA forms procured by members of Syndicate / Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 15 per Application Form (inclusive of service tax) procured, as finalized by the Issuer. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

For the purpose of the Issue, the issue expense including brokerage shall not exceed 0.65% of the Issue Size.

## Other Confirmations

We shall utilise the Issue proceeds only on execution of documents for creation of Security as stated in the section titled “*Terms of the Issue*” on page 111 of this Prospectus and on the receipt of the listing and trading approval of the Bonds.

## Variation in terms of contract or objects

The Issuer shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which the Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

## Benefit / interest accruing to Promoters / Directors out of the object of the Issue

The Directors of NABARD are not interested in the Objects of the Issue.

## STATEMENT OF TAX BENEFITS

### TAX IMPLICATIONS TO BONDHOLDERS

*Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bondholder is advised to consider in his/her own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible. Interpretation of provisions where under the contents of this statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.*

#### Income-tax Act, 1961 ('the Act')

##### 1. Interest on bond do not form part of Total Income

- a) In exercise of powers conferred by section 10(15)(iv)(h) of the Act, the Central Government vide Notification 59/2015 under F. No. 178/27/2015-ITA-I dated July 6, 2015 read with notification no. 6/2016 dated February 18, 2016 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, authorizes National Bank for Agriculture and Rural Development (NABARD) to issue through a Public/Private Placement, during the Financial Year 2015-16, tax free, secured, redeemable, non-convertible bonds for the aggregate amount not exceeding Rs.5,000.00 crores subject to the conditions as prescribed in the said notification which are listed below:
- (i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number (PAN) to the issuer;
  - (ii) There shall be ceiling on the coupon rates based on the reference Government security (G-Sec) Rate;
  - (iii) The reference G-sec rate shall be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India (FIMMDA) on the daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placements;
  - (iv) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers (QIB's), Corporates and High Networth Individuals;
  - (v) In case the rating of the issuer entity is AA+, the ceiling rate shall be 10 basis points above the ceiling rate for AAA rated entities as given in clause (iv);
  - (vi) In case the rating of the issuer entity is AA or AA-, the ceiling rate shall be 20 basis points above the ceiling rate for AAA rated entities as given in clause (iv);
  - (vii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payment is altered to semi-annual, the interest rates shall be reduced by 15 basis points;
  - (viii) The higher rate of interest, applicable to retail individual investors, shall not be available in case the bonds are transferred by Retail individual investors to non-retail investors.

As per provisions of section 10(15)(iv)(h) of the Act, in computing the total income of an assessee for any previous year, interest payable by any public sector company to such an assessee in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf, shall not be included.

- b) Accordingly, pursuant to the aforesaid notification, interest on bonds will be exempt from levy of income tax, in the hands of the bondholders.
- c) However, considering the provisions of section 14A of the Act, no deduction shall be allowed in respect of any expenditure incurred by the bondholders in relation to such interest, which is exempt from tax.

- d) No deduction of tax at source (TDS) would apply on interest income on such bonds since the same is exempt from tax. However, interest on application money would be liable for tax and TDS as per applicable provisions of the Act.

## **2. Capital gains**

### **A) For resident bondholders**

#### **(a) Long-term capital gains**

Under section 2(29A) read with section 2(42A) of the Act, bonds listed in a recognised stock exchange held as a capital asset are treated as a long-term capital asset if they are held for a period of more than twelve months immediately preceding the date of their transfer.

From the full value of consideration, the following amounts should be deducted to arrive at the amount of long-term capital gains:

- Cost of acquisition as adjusted by the cost inflation index notified by the Central Government in the Official Gazette; and
- Expenditure incurred wholly and exclusively in connection with such transfer.

Under section 112 of the Act, capital gains arising to a resident from transfer of a long-term capital asset being listed securities are taxed at the rate of 20% of capital gains after reducing indexed cost of acquisition or 10% of capital gains after reducing cost of acquisition (i.e. without indexation). However, as per third proviso to section 48 of the Act, indexation benefit is not available in computing long-term capital gain arising from the transfer of a long-term capital asset being bond or debenture other than capital indexed bonds issued by the Government. Thus, long-term capital gain tax can be considered at a rate of 10% on listed bonds without indexation.

Further, where in case of an individual or an HUF, being a resident, the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then such long-term capital gains shall be reduced to the extent of such shortfall and only the balance of the long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the Act.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. Rs.2,50,000 in case of resident individual/HUF, Rs. 3,00,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and Rs. 500,000 in case of resident super senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and at the option of assessee the tax on the balance of such long-term capital gains shall be computed at the rate of 10% in accordance with and the proviso to sub-section (1) of section 112 of the Act read with CBDT Circular No. 721 dated September 13, 1995.

#### **(b) Short-term capital gains:**

Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the Act.

### **B) For Non-resident bondholders**

#### **(a) Long-term Capital Gain**

Similar to the taxation of long-term capital gain in the hands of the resident bondholder (as discussed above), long-term capital gains arising from transfer of a capital asset, being bonds listed on a recognised stock exchange, will be taxable at the rate of 10 percent without indexation.

As per the provisions of section 115AD of the Act, long-term capital gains arising to Foreign Institutional Investors ('FIIs') /Foreign Portfolio Investors (FPI), on sale of bonds would be taxed at 10 percent, without indexing the cost of acquisition.

## **(b) Short-term Capital Gain**

In case of non-resident bondholders other than FIIs/ FPI, short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the Act.

The normal rate of tax for Non-resident Individuals (NRIs) and Persons of Indian Origin (PIOs) are same as tabulated above (tax rate applicable to resident individual on short-term capital gains).

The normal rate of tax in case of a foreign company is 40 per cent.

As per the provisions of section 115AD of the Act, short-term capital gains arising to Foreign Institutional Investors ('FIIs') /Foreign Portfolio Investors (FPI), on sale of bonds would be taxed at 30 percent.

## **(c) Double Taxation Avoidance Agreement (DTAA)**

Section 90 of the Act provides that where the Government of India has entered into a DTAA with the Government of any other country or specified territory outside India, the provisions of the Act will apply to the extent they are more beneficial to the tax payer.

The Finance Act, 2013 has amended section 90(4) in the Act to provide that an assessee, not being a resident, to whom the provisions of the DTAA apply, shall not be entitled to claim any relief under such DTAA unless a certificate, of his being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory.

## **C) Securities Transaction Tax (STT)**

Securities Transaction Tax ("STT") is a tax being levied on all transactions in specified securities traded on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the bonds.

## **D) Tax Deducted at Source (TDS)**

No tax is required to be deducted at source from capital gains arising at the time of sale/redemption of the bonds by resident bondholders.

Under Section 195 of the Act, income-tax shall be deducted from sum payable to non-residents on long-term capital gain and short-term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90 of the Act, or an agreement notified by the Central Government under section 90A of the Act, as the case may be.

However under section 196D of the Act, no deduction of tax shall be made from income arising by way of capital gain to FIIs.

Further, as per section 206AA of the Act, any person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIIB (hereafter referred to as deductee), shall furnish his PAN to the person responsible for deducting such tax (hereafter referred to as deductor), failing which tax shall be deducted at the higher of the following rates, namely:

- (i) at the rate specified in the relevant provision of the Act; or
- (ii) at the rate or rates in force; or
- (iii) at the rate of twenty per cent.

## **E) Exemption from capital gains arising from transfer of bonds under section 54EC**

The long-term capital gains arising from transfer of bonds (hereinafter referred to as original asset), shall be exempt from tax under section 54EC of the Act provided such gains are invested within six months from the date of transfer, in the bonds (hereinafter referred to as long-term specified asset) issued by any of the following:

- (a) National Highways Authority of India, which have been issued on or after 1 April, 2006,
- (b) Rural Electrification Corporation Limited issued on or after 1 April, 2006.

The amount of exemption would depend upon the extent of utilisation of the long-term capital gain on the original asset. However, where the long-term specified asset is transferred (including pledge of the long-term specified asset) or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of original asset not charged to tax shall be deemed to be income chargeable under the head “Capital gains” relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money.

However, investment limit in the specified assets mentioned above is upto Rs.50,00,000/- in a financial year.

#### **F) Exemption from capital gains arising from transfer of bonds under section 54F**

As per the provisions of section 54F of the Act, any long-term capital gains arising to Bondholder who is an individual or Hindu Undivided Family on transfer of such bonds, will be exempt from capital gains tax if the entire net sale consideration is utilized, within a period of one year before or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sale consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. The deduction as aforesaid will be subject to compliance of provisions contained in section 54F of the Act.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred. Similarly, if the Bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the amount of original capital gain exempted will be taxed as capital gains in the year in which the additional residential house is acquired.

### **3. Bonds held as Stock-in-Trade**

In case the bonds are held as stock-in-trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the Act. However, as per section 2(14) (b) of the Act, income on transfer of bonds held by FIIs will be taxed only under the head ‘Capital gains’.

### **4. Surcharge & Cess**

Surcharge will be levied @ 7% on domestic company and in case of every company, other than a domestic company @ 2% (if their total income exceeds rupees 1,00,00,000/- but does not exceeds Rs.10,00,00,000) In case income exceeds Rs.10,00,00,000/- surcharge on domestic company is levied @12% and other than domestic company @ 5%, In case of firms, co-operative societies, local authorities Individuals/HUFs/BOIs/AOPs and Artificial juridical persons surcharge is levied @ 12% (if their total income exceeds rupees 1,00,00,000/-).

An education cess of 3 percent is levied on tax payable (including surcharge) by all assessees. Accordingly, the rates of tax and TDS rates mentioned above (other than in case where income is taxed as per the provisions of the DTAA), will be increased by the applicable surcharge and education cess.

### **5. Taxation on gifts**

Section 2(24) read with section 56(2)(vii) of the Act, provides that where an individual or HUF receives in a year from any person or persons, *inter alia* any property other than immovable property (which would include the bonds as well),

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration

the same would be considered as income of such individual or HUF.

There are some exceptions to this provision viz.:

- amount received from any relative;
- amount received on the occasion of the marriage of the individual;
- amount received under a will or by way of inheritance;
- amount received in contemplation of death of the payer;
- amount received from any local authority as defined in the Explanation to clause (20) of section 10 of the Act;
- amount received from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act;
- from any trust or institution registered under section 12AA of the Act

**Disclaimer:** - Please note that our conclusions as above are based on the completeness and the accuracy of the above stated facts and assumptions. If any of the foregoing is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions. We are relying on the relevant provisions of the Act, Income Tax Rules, Service Tax Provisions, Finance Act, Notifications, Circulars and administrative interpretations thereof, which are subject to change by subsequent legislative changes, regulatory, administrative or judicial decisions. Any such change could impact the validity of our conclusions. Unless you specifically request otherwise, we will not update our advice for subsequent changes or modifications to the law and the regulations or to the judicial and administrative interpretations thereof. While we believe that our views above reflect reasonable interpretation of the various provisions, the same are not binding on any tax or other authority and consequently, the same should not be taken as assurance that the tax or other authorities will agree with our views. This certificate has been issued as per provisions of the Finance Act, 2015 and the same may change with the enactment of next Finance Act.

**For G M Kapadia & Co.**

Chartered Accountants

Rajen Ashar  
Partner  
M. No. 048243  
Firm Regn. No. 104767W  
Place: Mumbai  
Dated: 23<sup>rd</sup> February 2016

## SECTION IV-ABOUT NABARD

### INDUSTRY OVERVIEW

*The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Prospectus.*

#### **The Indian Economy**

India has an estimated population of 125.17 crore people as of July 2015, with an estimated Gross Domestic Product (GDP) calculated on a purchasing power parity basis of approximately US\$8.027 trillion in 2015. This makes it the fourth largest economy in the world in terms of GDP after the China, European Union and United States of America. (Source: *CIA World Factbook 2015*)

The growth in GDP during 2015-16 is estimated at 7.6% as compared to the growth rate of 7.2% in 2014-15. Real GDP or GDP at constant (2011-12) prices in the year 2015-16 is likely to attain a level of ₹ 113.51 lakh crore, as against the first revised estimate of GDP for the year 2014-15 of ₹ 105.52 lakh crore, released on 29th January 2016. (Source: *Press Note Advance Estimates Of National Income, 2015-16 by Ministry Of Statistics & Programme Implementation, GoI*)

GDP growth rates (in %) for 2015-16 and financial quarter 1, financial quarter 2, financial quarter 3 of 2015-16 at constant (2011-12) and current prices are given below:

| <b>Growth Rates of GDP</b> |                                  |                       |
|----------------------------|----------------------------------|-----------------------|
|                            | <b>Constant prices (2011-12)</b> | <b>Current prices</b> |
| Annual 2015-16 (Advance)   | 7.6                              | 8.6                   |
| Q1 2015-16 (April-June)    | 7.6                              | 8.7                   |
| Q2 2015-16 (July-Sep)      | 7.7                              | 6.4                   |
| Q3 2015-16 (Oct-Dec)       | 7.3                              | 9.2                   |

(Source: *Press Note Advance Estimates Of National Income, 2015-16 by Ministry Of Statistics & Programme Implementation, GoI*)

#### **Overview of the Indian Agricultural Sector**

Indian agriculture has been transformed over the years from a subsistence to a commercialized activity. Several pockets of agricultural prosperity have developed that have led to investment in industry and other segments. The share of agriculture in the total gross domestic product (GDP) has declined over time, which is in line with the state of development of the overall economy. The share of agriculture in the GDP grew at 3.3% during the 11th Five-Year Plan period, whereas the growth rate of the total economy was 7.9%

(Source: *Planning Commission of India, Twelfth Five-Year Plan, Vol II, Ministry of Finance, GoI*)

Growth rate of agricultural and allied sectors have been provided below:

| <b>Period</b>                                | <b>Share of agriculture in GDP (%)</b> | <b>Growth rate of agriculture and allied sectors (%)</b> | <b>Growth rate of GDP (%)</b> |
|--|--|--|-------------------------------|
| Ninth Five-Year Plan                         | 23.4                                   | 2.5  | 5.7                           |
| Tenth Five-Year Plan                         | 19.0                                   | 2.4  | 7.6                           |
| Eleventh Five-Year Plan (2007-08 to 2011-12) |  |  |                               |
| 2007-08                                      | 16.8                                   | 5.8  | 9.3                           |
| 2008-09                                      | 15.8                                   | 0.1  | 6.7                           |
| 2009-10                                      | 14.7                                   | 0.8  | 8.6                           |
| 2010-11 (quick estimate)                     | 14.5                                   | 7.9  | 9.3                           |
| 2011-12 (revised estimate)                   | 14.0                                   | 3.6  | 6.2                           |
| Eleventh Five-Year Plan (average)            | 15.2                                   | 3.7  | 8.0                           |



All figures based on 2004-05 prices

(Source: Planning Commission of India, Twelfth Five-Year Plan, Vol II, Ministry of Finance, GoI)

As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 16.1% of the Gross Value Added (GVA) during 2014–15 at 2011–12 prices. During Q1 FY2016, agriculture and allied sectors grew 1.9% year-on-year and contributed 14.2% of GVA.

In the first half of FY 2016, general government expenditure witnessed an up-tick in two key social sectors—health and especially agriculture and rural development—both in real terms and as a share of GDP. For example, total real expenditure in agriculture and rural development increased by a substantial 9.9 percent, indicating that the government has responded to the stress in the rural farm sector.

The details of the emerging sectoral trends subsumed under the GDP growth of 7.2 percent in H1 2015-16 are as follows:

**Agriculture and allied sectors:** The production of cereals, pulses and oil seeds had declined during the last Rabi season which ended in June 2015. During the current Kharif season, the production of cereals and pulses again contracted by 1.8% and 1.1%, respectively, while oilseeds grew by 8.5%. Nonetheless, the livestock products, forestry and fisheries which together constitute more than one-third of the GVA of the agriculture and allied sectors grew by 6% each in Q1 and Q2 2015-16, providing support to raising rural incomes.

One of the imponderables to the economic outlook for India has been the dependence of agriculture on the monsoon rainfall with more than 68% of India's arable land under rain fed agriculture. As the rainfall data in the monsoon season was none too comforting, the agricultural outlook initially for the year was not sanguine. In the event, the actual outcome as per estimates of GDP for the second quarter (July-September) of 2015-16 of a 2.2% growth agriculture and allied sector was reassuring indicating the robustness of the sector. The robustness of the sector in part, owe to diversification process to non-crop agricultural activities and value addition thereon. This is evident from the fact that while the national accounts disaggregated data (available only annually) indicated an overall growth of above 2% in the Kharif seasons of the current as well as previous year, sectoral data on crop production shows an undulating trend in the two years which falls short of the production achieved in 2013-14.

(Source: Mid-Year Economic Analysis 2015-16, Ministry of Finance, Department of Economic Affairs, Economic Division)

### **Agricultural Credit**

Effective agriculture credit is one of the key drivers of agricultural production. While the short term agriculture credit is required to ensure desired level of crop production leading to food security, long-term agriculture credit is crucial for capital formation and asset creation leading to sustainability and viability of both production and productivity. With the objective of making credit available to farmers, the GoI has been fixing targets for flow of credit to agriculture by the banking sector every year. Agriculture credit flow increased from ₹ 5,11,029 crore in 2011-12 to ₹ 7,30,765.61 crore (Prov.) in 2013-14 and ₹ 8,45,328.23 (Prov.) in 2014-15 and has consistently exceeded the target, thus indicative of the concerted efforts of GoI. For 2015-16, agriculture credit target has been enhanced to ₹ 8,50,000 crore. The details of targets and the achievements during the last four years is as follows:-

(Amount in crore)

| Year    | Target   | Achievement  |
|---------|----------|--------------|
| 2011-12 | 4,75,000 | 5,11,029     |
| 2012-13 | 5,75,000 | 6,07,375     |
| 2013-14 | 7,00,000 | 7,30,765.61* |
| 2014-15 | 8,00,000 | 8,45,328.23* |

\* Provisional, Source: Department of Financial Services

(Source: Mid-Year Economic Analysis 2015-16, Ministry of Finance, Department of Economic Affairs, Economic Division)

### **Rural Infrastructure & Development: An Overview**

The Indian farmer has suffered not only due to restrictions on marketing and processing, but also due to poor infrastructure. The greatest challenge lies in reducing the transaction costs for farmers by providing them access to world-class physical infrastructure. The Plan outlay for 2015-16 of the Department of Rural Development is ₹ 71,642.00 crore. Key constituents of the Central Plan outlay are Special Programmes for Rural Development, Rural Employment, Rural Housing, Roads & Bridges, and Social Security and Welfare.

**Special Programmes for Rural Development:** The central outlay for the National Rural Livelihood Mission / Aajeevika for 2015-2016 is ₹ 2505.00 crore out of which ₹ 210.50 crore has been earmarked for North Eastern Region and Sikkim. Mahila

Kisan Sashaktikaran Pariyojana (MKSP) has been initiated as a sub-component of the NRLM to meet the specific needs of women farmers and achieve socio-economic and technical empowerment of the rural women farmers, predominantly small and marginal farmers.

*(Source: Plan Outlay 2015-16, Expenditure Budget Vol.I, 2015-2016)*

#### **OTHER RURAL DEVELOPMENT PROGRAMME:**

The total plan outlay for 2015-2016 is ₹ 1040.00 crore which includes provision for NIRD (₹ 50.00 crore), CAPART (₹ 10.00 crore), Management Support to Rural Development programmes and strengthening of district planning process (₹ 130.00 crore), BPL Survey (350.00 crore), SPM RURBAN Mission (₹.300 crore) & Village Entrepreneurship Programme(₹.200.00 crore). Out of this, ₹ 103.00 crore have been kept separately for “North Eastern Region and Sikkim”.

The SPMRM was announced in the Budget of 2014-15 to ensure delivery of integrated project based infrastructure, development of economic activities and skill development in rural areas. The Mission Objective of the scheme is to improve quality of life / standard of living in Rurban clusters, to bridge the rural –urban divide and to reduce migration from rural to urban areas and eventually to facilitate reverse migration.

*(Source: Plan Outlay 2015-16, Expenditure Budget Vol.I, 2015-2016)*

#### **WAY FORWARD FOR RURAL INFRASTRUCTURE**

The future challenge in developing rural infrastructure will go beyond drawing up inventories of infrastructure stocks and projecting investment needs based on past patterns. These challenges could pivot around tackling inefficiencies both in investments and service delivery. Apart from increasing the stock of infrastructure quantitatively, the quality of infrastructure services also needs to be emphasized. The present approach to rural infrastructure development in India, while forward looking with many synergies, is fundamentally divided into silos of various funding needs. Benefiting from the complementarities between various sectors and sub-sectors is possible only if systematic investments are prioritized, keeping in mind the comprehensive long-term infrastructure needs of the agricultural sector and rural India.

*(Source: Annual Report of NABARD for FY 2014-15)*

## OUR BUSINESS

*In this section any reference to “we”, “us”, “our” or “NABARD” refers to National Bank for Agriculture and Rural Development. Unless stated otherwise, the financial data in this section is according to our financial information prepared in accordance with the requirements of the SEBI Debt Regulations set forth elsewhere in the Prospectus.*

*The following information should be read together with the more detailed financial and other information included in the Prospectus, including the information contained in the section titled “Risk Factors” on page 13 of this Prospectus.*

### Overview

NABARD is an apex development institution in India, having its headquarters in Mumbai (Maharashtra). NABARD has a mandate under the NABARD Act to facilitate credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas in India with a view to promoting integrated rural development. It was established on July 12, 1982 by a special Act of Parliament and its main focus has since been the upliftment and development of rural India by increasing the credit flow for elevation of agriculture and rural non-farm sector. It completed 34 years on January 1, 2016. It has been entrusted with matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India. As on March 31, 2015, NABARD operates throughout the country through its 31 Regional Offices, a cell at Srinagar and Training establishments at Lucknow, Bolpur and Mangalore. It also has 400 District Development Offices across the country as of March 31, 2015. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas.

### Genesis and Mission

NABARD was a product of CRAFTCARD lead by the Chairman Mr B. Sivaraman, a former member of Planning Commission of India, GoI. The Sivaraman Committee was constituted by the RBI on March 30, 1979 at the instance of the GoI, to review the arrangements for institutional credit for agricultural and rural development. This committee, in its interim report, submitted on November 28, 1979, felt the need for a new organisational structure for providing undivided attention, forceful direction and pointed focus to the credit problems arising out of integrated rural development and recommended the formation of National Bank for Agriculture and Rural Development. The Parliament, through Act, 61 of 1981, approved the setting up of NABARD. Eventually the institution came into existence on July 12, 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then ARDC. NABARD was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on November 5, 1982.

NABARD was set up with an initial capital of ₹ 100 crores. Consequent to the revision in the composition of share capital between GoI and RBI, the share capital as on March 31, 2015, stood at ₹ 5,000 crores with GoI holding ₹ 4,980 crores (99.60%) and RBI ₹ 20.00 crores (0.40%).

NABARD functions with the mission to “Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.”

### Ownership of NABARD

Initially, RBI held 72.5% of share capital in NABARD amounting to ₹ 1,450 crores. The remaining shareholding of ₹ 550 crore was with the GoI. The Union Cabinet in May 2008 approved the RBI's proposal to transfer its shareholding in NABARD to the GoI. Accordingly, the GoI issued a notification on September 16, 2010 prescribing the proportion of subscription/ownership of GoI and RBI in NABARD as 99% and 1% respectively. In terms of RBI circular dated October 14, 2010, RBI had divested its stake amounting to ₹ 1,430 crores in NABARD on October 13, 2010. With this, the RBI's holding in NABARD came down to 1% of shareholding in NABARD. In September 2013, GoI gave an amount of ₹ 700 crores towards share capital. Consequent to this the shareholding of GoI and RBI in the share capital of NABARD as at the date of this Prospectus is at 99.60:0.40, respectively.

### Strengths

#### ***Continued support from GoI and key public policy role in India's agriculture sector***

NABARD is the apex financing institution to augment credit flow to the agricultural and rural sectors. The institution plays a developmental role in strengthening the rural financial institutions. The agency extends refinance support to SCARDBs, STCBs, RRBs, commercial banks, and other financial institutions approved by RBI. Given the increasing role played by NBFCs in agricultural and rural credit, NABARD also extends refinance facility to this sector. It also provides co-finance with commercial banks to viable projects.

Over the past few years, the role and scope of NABARD has been enlarged significantly by GoI. NABARD has been entrusted with the management of various development funds including RIDF, Watershed Development Fund, and Tribal Development Fund (TDF). Furthermore, NABARD also provides support to RRBs and CCBs for implementation of core banking solution, and facilitates recapitalization of RRBs falling short of the minimum CAR requirement of 9%. In addition, in its report on financial inclusion, the C Rangarajan Committee has identified NABARD as a key agency for implementing its various recommendations to bring about rural prosperity. Acting on the various recommendations of this report, GoI constituted two funds, Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) with a corpus of `5,000 crores each to be managed by NABARD to promote financial inclusion. In Union Budget 2008-2009, GoI announced creation of Short Term Cooperative Rural Credit Fund (STCRC) with corpus of `5,000 crores to be contributed by scheduled commercial banks not achieving their priority sector lending obligations. The corpus has since been augmented several times, and was retained at `4,000 crores for 2015-2016. In the Union Budget 2011-2012, GoI announced setting up of a short-term RRB refinance fund that was to be administered by NABARD. The fund had an initial corpus of `1,000 crores and enhanced the capacity of RRBs to disburse short-term crop loans to small and marginal farmers

### ***Strong Capitalisation***

NABARD's strong capitalisation is marked by a high tier-I capital adequacy ratio, large tier-I capital base, and low asset-related risks. The institution's capital position is also supported by steady accruals to net worth, which, in the absence of dividend pay-outs, are retained entirely. NABARD's regulatory tier-I CRAR and overall CRAR were 15.83% and 16.91%, respectively, as at March 31, 2015, 15.48% and 16.61%, respectively, as at March 31, 2014, 17.33% and 18.24%, respectively, as at March 31, 2013.

NABARD's advances to State Governments and other advances guaranteed by State Governments carry a risk weight of 0% for credit risk in the regulatory computation of its tier-I CRAR. However, if a 100% risk weight is attached to State Government guaranteed advances, and if the `16,070 crores of National Rural Credit (Long-Term Operations) Fund and National Rural Credit (Stabilization) Fund, (which are not liable to be repaid) are treated as capital (leading to a tier-I capital base of `24,680.90 crores and Tier II Capital of 1,618.74 crores), the institution's adjusted tier-I CRAR continues to be comfortable, around 15.83% as at March 31, 2015 and as on September 30, 2015 it stood at 16.39%.

### ***Robust Asset Protection Mechanisms***

NABARD has robust asset protection mechanisms that help it manage exposure to institutions with inherently weak creditworthiness, which constitute a large proportion of its borrowers. The institution also has a strong net worth coverage of NPAs, because of its large capital base and low NPAs, which are supported by the robust asset protection mechanisms available to it. NABARD's loan book has a stable repayment track record and the institution has rarely invoked the guarantees or debit facilities available to it. In cases of default, the institution has restructured or rescheduled loans to enable borrowers to make repayments on a staggered basis. NABARD restructured loans of `2.10 crores in 2014-15, as against nil in 2013-14, `4.22 crores in 2012-13, `788.25 crores in 2011-12 and `22.10 crores in 2010-11. For the co-financing facility extended by the institution for development of sunrise industries, strong credit appraisal and monitoring mechanisms are followed in conjunction with the co-financing partners. These factors have helped NABARD maintain low NPAs over the years. As on September 30, 2015, the gross and net NPA ratios were 0.0497% and 0.0075%, respectively, the gross and net NPA ratios were 0.04985% and 0.0092%, respectively, as on March 31, 2015 and 0.04326% and 0.0089%, respectively, as on March 31, 2014.

### ***Adequate Borrowing Profile***

NABARD's resource profile is marked by regular government support for raising borrowings. Furthermore, in the domestic debt market, NABARD's paper is accepted as a benchmark in its category and has wide acceptability among the investors comprising mutual funds, pension funds, and insurance companies.

NABARD has been recognised by GoI as the nodal agency to mobilise RIDF deposits from commercial banks. These deposits form a significant portion of its borrowings, at 37.16% as on September 30, 2015 at 38.97% on March 31, 2015 (41.38% as on March 31, 2014). Additionally, since 2008-09, GoI has been supporting NABARD's resource profile by creating STRRB and STCRC. These two funds together constituted 37.78% of the total borrowings as on September 30, 2015, 39.14% as on March 31, 2015, 39.47% as at March 31, 2014. NABARD has deposits of `1,550 crores as on September 30, 2015 and 2014-15 and 2014-15 for lending towards creation of warehousing facilities in the country. During the year 2014-15, a long term rural credit fund (LTRCF) has been created with a corpus of `5,000 crores and increased by `15,000 crores during 2015-16, for meeting the investment credit needs of the rural economy.

### **Strategies**

As India's apex financial institution for agriculture and rural development, NABARD is geared to deliver value to the rural economy through:

### ***Fulfilling the credit needs of India's rural economy***

NABARD meets the credit requirements of farmers at the ground level in line with the policies of GoI. Through increasing and expanding support to rural financial institutions and NBFC's by way of refinance support and direct lending support, NABARD aims at increasing agricultural production, raising farm productivity, improving access to markets through reforms and providing better facilities for storage of produce. Adopting sector related policies and activities, contributing to better output and income from farming, farm-related and off-farm activities in rural India shall be the ground rule for NABARD.

### ***Asset Creation for Rural Economy***

NABARD increases its refinance support for various purposes such as farm investments, allied activities, small and micro-enterprises, agro-processing, non-conventional energy, self-help groups and rural housing for to ensure a steady flow of long-term credit to the farm and non-farm sectors with a target of creating assets and capital that are critical for sustained agricultural growth.

### ***Financing Short Term Business Operations***

To pursue an overall agriculture growth, NABARD adopts enabling policies for refinancing production, procurement and marketing activities of the farmers with special relaxation for priority regions like NE and sectors like handlooms. Strengthening rural financial institutions through development and providing technology support to these institutions will lead to a robust and effective rural financial market.

### ***Agri-Commodity Value Chains, Opportunities for Small Farmers, Value Addition and Linkages, Support to Producer Organisations***

A special emphasis shall be laid on integrating producers, especially with small land holdings, into supply chains and integrated market systems. Support services will be provided for developing agri-commodity chains, producer organisations, establishment of warehouses and providing forward and backward linkages.

### ***Micro-Finance Initiatives and Financial Inclusion***

The SHG Bank Linkage Programme will be expanded with a view to cover all eligible poor rural households, prioritizing resource-poor States, providing livelihood opportunities to SHG members and covering the hitherto unreached areas in close co-ordination with National Rural Livelihood Mission. Efforts are being made for the convergence of SHG-BLP with the financial inclusion initiative of the GoI and RBI, in addition to other government programmes, including Prime Minister's Jan Dhan Yojna.

### ***Mitigating Risks in Agriculture and Addressing Distress***

More interventions shall be framed to ensure timely and adequate relief from production, price, input and technology risks faced by the farmers. Provision of pre-weather alerts, weather report on mobiles, covering of all farmers under insurance schemes and credit-related measures in the event of natural calamity shall continue to the thrust area. Preparing implementable action plans to address agrarian distress in totality shall be another challenging area for NABARD.

### ***Sustainable Agriculture, Climate Change and Promoting Natural Resource Management***

In accordance with one of the main agenda of development of sustainable agriculture, NABARD will promote and support watershed and livelihood based programmes, natural resource management programmes, transfer of agriculture technology through farmers clubs, development of tribal farmers by tribal development programmes, enhancing resilience of agriculture against climate change, promoting gender equity and social empowerment and financing of producers organisations.

### ***RIDF and Rural Infrastructure***

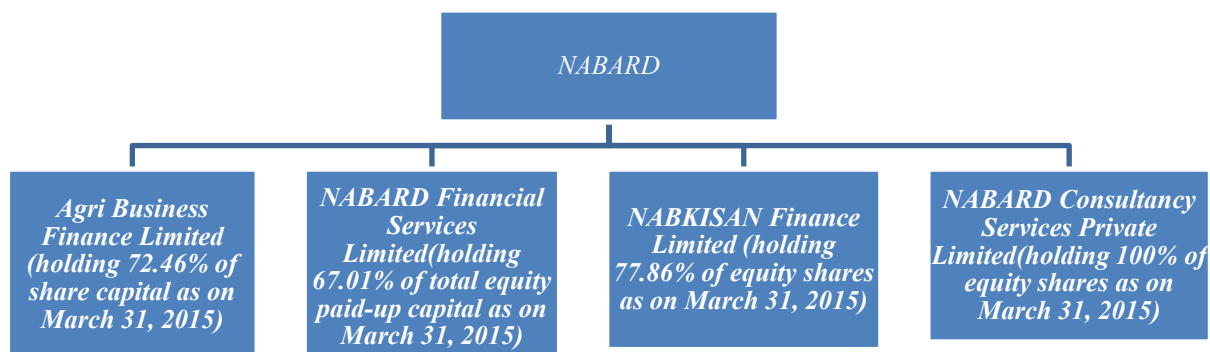
NABARD channelises the financial resources under RIDF to State Governments to develop a robust and comprehensive physical infrastructure as a core need of agriculture and rural development.

### ***Research Development and Consultancy***

To meaningfully link development and credit planning, NABARD has been preparing holistic potential-linked credit plans through its more than 400 District Development Offices across the country. The focus is on credit planning, monitoring, co-ordination between various developmental and promotional activities in each district of the country. Financial support under

Research and Development Fund will continue for promotion of applied research, projects, studies, organisations, sponsoring chairs in universities and conducting seminars and workshops.

### Corporate Structure



### Business Operations

NABARD undertakes its financings activities through direct finance and refinance which is available to SCARDBs, State Co-operative Banks, RRBs, Commercial Banks and other financial institutions approved by RBI.

#### Overview of Refinance Facilities

Refinance facilities are provided through short, medium and long-term loans and eligible schemes for refinance to the non-farm sector.

|  | Credit Facilities   |
|--|---|
| Commercial Banks   | <ul style="list-style-type: none"> <li>• Long-term credit for investment purposes.</li> <li>• Financing the working capital requirements of WCS and SHDCs.</li> <li>• Financing of crop loan requirement of PACS.</li> </ul>  |
| Short-term Co-operative Structure State Co-operative Banks, District Central Co-operative Banks, Primary Agricultural Credit Societies | <ul style="list-style-type: none"> <li>• Short-term crop and other loans.</li> <li>• Medium-term (conversion) loans.</li> <li>• Term loans for investment purposes.</li> <li>• Financing WCS for production and marketing purposes.</li> <li>• Financing State handloom development corporations for working capital by STCBs.</li> <li>• Direct lending to co-operative banks as allowed to them in terms of implementation of any revival package NABARD has designed a short term multipurpose credit product for financing directly to CCBs.</li> <li>• NABARD has started the programme to help co-operatives to migrate to a CBS platform. The major objectives of the programme are to:</li> </ul> |

|   |   |
|---|---|
|   | <p>(a) Enable banks to offer a wider, more flexible product portfolio;</p> <p>(b) Improve profitability;</p> <p>(c) Comply with all regulatory requirements, operations and reporting;</p> <p>(d) Remit all Government Funds through an e- payment mode; and</p> <p>(e) Facilitate financial inclusion.</p> |
| Long term Co-operative Structure State Co-operative Agriculture and Rural Development Banks | Term loans for investment purposes.   |
| Regional Rural Banks (RRBs)   | <ul style="list-style-type: none"> <li>• Short-term crop and other loans.</li> <li>• Term loans for investment purposes.</li> <li>• Financing of crop loan requirement of PACS.</li> </ul>  |
| State Governments   | <ul style="list-style-type: none"> <li>• Long-term loans for equity participation in co-operatives.</li> <li>• Rural Infrastructure Development Fund (RIDF) loans for infrastructure projects including warehousing.</li> </ul>   |
| Non-Governmental Organizations NGOs - Informal Credit Delivery System                       | Fund assistance for various micro-credit delivery innovations and promotional projects under the 'Micro Finance Development and Equity Fund'.   |
| State Governments and other State owned organizations or corporations                       | NABARD Infrastructure Development Assistance (NIDA) to assist both for on-budget as well as off-budget funding on flexible terms, outside RIDF and for creation of rural infrastructure.  |
| Producers' Organizations (POs)  | Credit and credit plus support. NABARD's subsidiary NABKISAN Finance Limited has been established to support Producers Organizations for term loan and working capital requirements on a pan India basis.   |
| Non-Banking Finance Companies   | Term loans for investment purposes.   |

#### *Short Term Production Credit*

NABARD provides short-term refinance for various types of production, marketing and procurement activities. Some of the major activities are:

- (a) *Seasonal Agricultural Operations (SAO)*: This covers activities which are undertaken in the process of raising various crops and are seasonally recurring in nature. The activities include among others, ploughing and preparing land for sowing, weeding, and transplantation where necessary, acquiring and applying inputs such as seeds, fertilizers and labour for all operations in the fields for raising and harvesting the crops. This is effected through a concessional rate of interest being given to State Co-operative Banks and RRBs by way of sanction of credit limits. Each withdrawal against the sanctioned credit limit is repayable within 12 months. Funds under this are distributed through the Short-Term Co-operative Rural Credit Refinance Fund and Short-Term RRB refinance Funds which under the 2015/16 Union Budget of GoI as allocated ` 54,000 crores and ` 16,000 crores, respectively, during 2015-16. Amount outstanding under this business operation as on September 30, 2015 is ` 85,079.29 crores.
- (b) *Financing Other than Seasonal Agricultural Operations of RRBs*: NABARD provides refinance to RRBs for financing production and marketing activities of artisans (including handloom weavers) and village, cottage and tiny

sector industries and also for financing persons belonging to weaker sections and engaged in trade, business or services.

- (c) *Financing of Weavers:* NABARD provides refinance working capital facilities to SCBs or DCCBs for financing the production, procurement and marketing requirements of PWCs and apex, regional weavers' societies, additionally to primary weavers co-operative societies through SCBs and to SDHCs through SCBs and STCBs. While a major part of the refinance at present flows to weavers in the co-operative fold, NABARD also provides refinance to STCBs, RRBs and SCBs for financing SHDCs to benefit the weavers outside the co-operative fold for their working capital and marketing requirements.
- (d) *Refinance for Marketing of Crops:* In order to enable the farmers on the farm to produce with a view to having the opportunity to maximize their sale price, short term refinance from NABARD is available to STCBs on behalf of DCCBs. Advances are also permitted against pledge of agricultural produce or outright purchase of agricultural produce of cultivators by processing and marketing societies. Under this facility, 100% refinance is available against loans extended to societies or cultivators by DCCBs.
- (e) *Refinance for Procurement, Stocking and Distribution of Chemical fertilizers:* NABARD provides refinance to STCBs for (i) procurement, stocking and wholesale distribution by apex societies; and (ii) retail distribution of fertilizer to farmers.
- (f) *Other Short Term Loans:* NABARD also provides short term loans to STCBs and RRBs for agriculture and allied activities, fisheries and labour contracts and to other industrial co-operative societies and forest labour co-operative societies including for collection of minor forest produce. Limit are sanctioned and aggregated to RRBs and STCBs in respect of eligible DCCBs.

#### *Medium Term Loans*

- (g) *Conversion Assistance following a Natural Calamity:* NABARD provides medium term credit limits to STCBs (on behalf of DCCBs) and RRBs for conversion of short term agricultural loans to medium term loans and rescheduling of existing medium term loans due to crop damage as a result of natural calamities.
- (h) *Agriculture Investment Purposes:* NABARD provides medium term credit limits to STCBs (on behalf of DCCBs) and RRBs for financing approved agricultural investment purposes.

#### *Long Term Loans*

NABARD extends refinance support to RRBs, commercial banks and cooperative banks for their long-term lending, with the repayment period ranging from 3 to 15 years. These loans are targeted at creating assets and capital that are critical for sustained agricultural growth. Refinance for various purposes, such as farm investments, allied activities, small and micro-enterprises, agro-processing, organic farming, nonconventional energy, self-help groups and rural housing, are given to ensure a steady flow of long-term credit to the farm and non-farm sectors. There is also a long-term refinance facility where credit is provided for 3 to 15 years which is intended to create income generating assets in (i) the farm sector such as minor irrigation, farm mechanisation, land development, soil conservation, dairy, sheep or goat rearing, poultry, piggery, plantation, horticulture, forestry, fishery, storage and market yards, bio-gas and other alternate sources of energy, sericulture and (ii) the non-farm sector such as artisans, small scale industries, handicrafts, handlooms, power looms and for activities of voluntary agencies and self help groups working among the rural poor. The institutions eligible for refinance are SCARDBs, RRBs, STCBs, commercial banks, ADFCs, PUCBs, NEDFC and NBFCs. Amount outstanding under this business operation as on September 30, 2015 is ` 72,530.31 crores.

#### *Housing Loans*

As housing in the rural areas, both agriculturist and non-agriculturists, combines the business as well as dwelling needs and thereby leads to overall rural development, NABARD extends refinance (investment credit) to eligible banks.

### **Renewable Energy Schemes**

The Ministry of New and Renewable Energy has launched a capital cum interest subsidy scheme for creation of off-grid, decentralised solar powered energy harvesting devices through application of photo voltaic technology for the purpose of lighting, heating, etc. at the level of domestic and mini commercial applications. NABARD is the nodal agency for giving feasibility and refinance for eligible projects. This subsidy-cum-refinance scheme under the Jawaharlal Nehru National Solar Mission was launched by the Ministry of New and Renewable Energy, GoI in November 2010 to encourage the use of solar energy and help replace non-renewable energy. The scheme was revised and made into a capital subsidy scheme for solar



lighting and small-capacity photo-voltaic systems from March 15, 2012. In 2014–15 up to 31 March 2015, a subsidy of ` 2.42 crores was released for 2953 units.

### **RIDF**

NABARD has been channelizing the shortfall in the mandatory share of priority sector lending by commercial banks to the Rural Infrastructure Development Fund, instituted in 1995–96. Though the fund initially focused on incomplete irrigation, flood protection and watershed management projects, funding for rural infrastructure became more broad-based through the years. The RIDF, inter alia, covers 34 activities related to rural infrastructure development. With allocations in every Union Budget since its inception, RIDF has evolved as a major and popular source of finance to state governments. This long-term partnership between NABARD and the state governments has strengthened over the last two decades.

With its experience of managing the RIDF for nearly 20 years, NABARD has gathered significant insights in matters related to rural infrastructure. As an indirect outcome, NABARD has developed internal capabilities in financing and facilitating the creation of rural infrastructure and has expanded its contribution to this domain through various other initiatives as well. Amount outstanding under this business operation as on September 30, 2015 is ` 85,388.30 crores.

### **Overview of Direct Lending**

Direct lending to the rural sector is effected by NABARD through the following mechanisms:

- (i) *NABARD Infrastructure Development Assistance (NIDA):* NIDA is a line of credit extended to state governments and state-owned entities (institutions and corporations) to participate in the creation (or funding) of rural infrastructure projects on both on-budget and off-budget items outside the ambit of RIDF borrowing. NIDA is available on more flexible interest terms than the RIDF. Since the inception of NIDA (2010–11), 35 projects have been sanctioned for purposes such as warehousing, power transmission, cyclone-damaged power restoration, roads, irrigation and sewerage. Andhra Pradesh, Bihar, Chattisgarh, Goa, Gujarat, Haryana, Karnataka, Rajasthan, Maharashtra, Punjab, Tamil Nadu, Uttarakhand, Madhya Pradesh and West Bengal are the major states funded through NIDA. Amount outstanding under this business operation as on September 30, 2015 is ` 2,659.83 crores.
- (ii) *Producer Funds*
  - a. *Producers Organization Development Fund:* The Producers Organization Development Fund has been set up on April 1, 2011, with an initial corpus of ` 50 crores. Any registered producers organization such as producers companies, producers co-operatives, registered farmer federations, mutually aided cooperative society, industrial co-operative societies, other registered federations or PACS set up by producers are eligible under the fund. Credit support is provided in the form of grant, loans, or a combination of these is also available for capacity building and market interventions. The fund was established to tackle the issues of lack of availability of timely credit, capacity building of producers and strengthening of the producers organizations and market participant links. Amount outstanding under this business operation as on September 30, 2015 is ` 3 33.31 crores.
  - b. *Producers Organization Development and Upliftment Corpus (PRODUCE) Fund:* This fund has a ` 200 crore corpus created by the GoI in NABARD to build 2000 farmer producer organizations.
- (iii) *Credit Facilities to Marketing Federations:* Marketing federations and cooperatives are playing a very important role in agribusiness and value and supply chain management of the various agricultural commodities. Farmers, producer organizations and primary societies depend upon these institutions for marketing of their produce and for value added services like input supply, value addition and storage facilities. The marketing operations by these federations and cooperatives require seasonal and timely short term credit facility to support their day to day operations. State and Central Government Agricultural Marketing Federations, companies, dairy co-operatives and federations, agriculture marketing co-operatives and federations, subject to meeting certain eligibility criteria, may utilize less than 12 month short term credit facility to meet working capital requirements. It has to be repaid at the end of 12th month and can be used for procuring, processing and marketing of agricultural commodities and milk and supply of agricultural inputs including animal feed. Rate of interest, security and fees will be decided by NABARD. Amount outstanding under this business operation as on September 30, 2015 is ` 3,377.99 crores.
- (iv) *Warehouse Infrastructure Fund:* The Warehouse Infrastructure Fund (2013-14) was established in NABARD with a corpus of ` 5,000 crores with contribution from banks defaulting in priority sector lending obligations. This was strengthened again in Financial Year 2014-15 with additional ` 5,000 crores to support the creation of infrastructure for storage of agricultural commodities. The fund envisages extension of loans to public and private sectors for construction of warehouses, silos, cold storages and other cold chain infrastructure with a minimum aggregate

capacity of 5,000 metric tons. Priority will be given for the projects proposed in Eastern and North Eastern states and food grain deficit states. Eligible institutions are State Governments and entities promoted by them, special purpose vehicles, co-operatives, co-operative federations, farmers' producer organizations, PACS, co-operative marketing societies, companies and individual entrepreneurs. The aim is to develop food processing sector on cluster basis in the country to reduce wastage of agricultural produce and to create employment opportunities, especially in rural areas. Amount outstanding under this business operation as on September 30, 2015 is ` 1,310.89 crores.

- (v) *Financing and Developing PACS into Multi-Service Centres:* To provide services to the farmers PACS should be developed as a unit to meet all farmers' needs. Farmers should be encouraged to use the latest technology to increase agricultural production, store produce to minimise storage losses and increase returns. This initiative aims to develop PACS as multi service centres, be financially self-sustaining, provide ancillary services to its members and diversify its activities. Assistance under this scheme is available to STCBs, RRBs, CCB or PACS by way of a maximum 9 year fixed rate loan including grace period of two years to develop agro-storage, agro-service, agro-processing and agri-information centres and agri-transportation and marketing facilities centres. During 2014-2015, 769 PACS were sanctioned a total financial assistance of ` 181.18 crores, of which 96% (approximately ` 174.18 crores) was loan component and the remaining was grant assistance towards accompanying measures.
- (vi) *Umbrella Project for Natural Resources Management:* This is a natural resource management projects being implemented under Indo-German collaboration with the German Development Corporation for the past 20 years. The programme objective is to contribute to mainstreaming of holistic, participatory and financially sustainable livelihood solutions into public NRM policies and financial instruments for improving the livelihoods of the rural poor based on the sustainable natural resource use and management. The programme aims at funding community managed sustainable natural resource management based rural livelihood projects. Through this NABARD has established the Indo-German Watershed Development Programme, RIDF, Wadi Development Programmes, Watershed Development Fund, Tribal Development Fund and the SHG-Bank Linkage Programme. The goals and objectives of the natural resource management policy are to be achieved through synergy and in consonance with various policies, programmes, missions, guiding principles, reform processes and decentralised management systems of Ministry of Rural Development, Ministry of Agriculture, Ministry of Environment & Forests, Ministry of Tribal Affairs and other GoI agencies or special purpose vehicles (like National Rainfed Area Authority) dealing in the natural resource management sector. NABARD's activities in the natural resource management sector take into account national commitments under the relevant millennium development goals and international conventions like United Nations Framework Convention on Climate Change, Convention on Biological Diversity and the UN Convention to Combat Desertification. Implementing agencies are State Governments, banks, corporates (including producers companies), non-governmental organisations and micro finance institutions. The financial products under UPNRM will be loan based products for the eligible sectors/ activities. These loan based products may carry some add-ons in the form of grant for skill and capacity building and some other infrastructure supports based on the merit of project. Loans may be term loans for funding core natural resource management activities or short-term credit for supplementary activities. The cumulative amount sanctioned as on March 31, 2015 was ` 525.72 crores.

The Tribal Development Fund is intended to enable tribal communities to make a living from 'small orchards, organic wadis and mixed orchards. Credit support is provided for marketing activities and processing. The cumulative amount sanctioned as on March 31, 2015 ` 1,901.31 crores and the sum disbursed was ` 1,010.21 crores. To date, approximately 610 projects across 27 states/Union Territories have been covered.

- (vii) *Food Processing Fund:* This is a special ` 2,000 crores fund established by the GoI with the Ministry of Food Processing Industries where term loans are available to State Governments and entities promoted by them, special purpose vehicles, co-operatives, co-operative federations, farmers' producer organizations, companies and individual entrepreneurs. Term loans up to a maximum period of 7 years are available for creating infrastructure required in food parks, such as setting up of individual food processing or agricultural produce processing units and modernization of existing processing units. Margin money varies from 5-25%. The aim is to develop food processing sector on cluster basis in the country to reduce wastage of agricultural produce and to create employment opportunities, especially in rural areas.

## **Other Funds**

NABARD operates several funds as directed by GoI and RBI. Some of the main funds are summarised in the earlier part of this section and below.

### ***Watershed Development Fund***

The Participatory Watershed Development Programme, financed from the Watershed Development Fund, was established in 1999-2000 with an initial corpus of ` 2 00 crores, contributed equally by the GoI and NABARD. The corpus was augmented

over the years by the interest differential earned under the RIDF and interest accrued on the unutilized portion of the Fund. As on March 31, 2015, the total corpus stood at ` 1 084.94 crores.

### ***Cooperative Development Fund***

The CDF was constituted in 1993 under section 45 of NABARD Act 1981, with an initial corpus of ` 10 crores. The fund is replenished every year through contribution from NABARD's surplus.

Institutions under the CCS can avail of assistance from the CDF in the form of grants for various activities that may improve their functional efficiency, such as:

- Exposure visits;
- Training of staff and for management of cooperatives; and
- Conducting of:
  - Studies,
  - Organizational Development Initiatives (ODI),
  - Workshops,
  - Conferences, and
  - Seminars.

CDF assistance is also extended for the setting up of PACS Development Cells (PDCs), L1 helpdesks or computer laboratories in banks that adopt CBS under the Application Service Provider model supported by NABARD. Among the other benefits of CDF assistance is accreditation of PACS warehouses by NABARD Consultancy Services (NABCONS), a fully owned consultancy subsidiary of NABARD.

### ***Research and Development Fund***

The Research and Development Fund, which provides financial support to select agencies for the promotion of applied research projects/studies, organization of seminars/conferences/workshops, etc., has been maintained at ` 50 crores over the years. As of March 31, 2015, the disbursements under the Fund stood at ` 20.22 crores. As of March 31, 2015 the disbursement under research projects / studies, seminars, NABARD Chair Unit Scheme, training, and others stood at ` 0.33 crores, ` 1.36 crores, ` 0.87 crores, ` 17.15 crores and ` 0.51 crores, respectively.

### ***Financial Inclusion Funds***

In order to address the issues of financial inclusion, the GoI constituted a "Committee on Financial Inclusion" under the Chairmanship of Dr. C. Rangarajan. The Committee submitted its final report to Hon'ble Union Finance Minister on January 4, 2008. Financial inclusion is "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." Consequent to this NABARD has been instructed to manage two dedicated financial inclusion funds, FIF and FITF. NABARD is the coordinating agency of financial inclusion initiatives with Financial Inclusion Department (FID) as the nodal department. As on March 31, 2015, the cumulative sanctions under the FIF and FITF were ` 706.37 crores and ` 509.76 crores, respectively, against which disbursement were ` 236.02 crores and ` 252.38 crores.

### ***Rural Infrastructure Promotion Fund***

This fund was created in 2011 to promote capacity building initiatives and efforts to create innovative, experimental and promotional infrastructure, especially for the rural sector and rural areas. Similar experimental infrastructure projects anchored by gram panchayats, SHGs, SHG federations, farmers' clubs and their federations, non-governmental organizations and villages. As of March 31, 2015, ` 4.04 crores was sanctioned.

### ***Credit Guarantee Trust Fund for Micro and Small Enterprises***

The Credit Guarantee Trust Fund for Micro and Small Enterprises distributes funds to RRBs for the purpose of relaxing stringent norms for qualifying to be a Member Lending Institution. To qualify the RRB must have a CRAR of 9%, non-performing assets below 5% and at least 75 marks in the composite rating of NABARD inspection reports. Under this fund, approximately ` 404.76 crores was sanctioned up to March 31, 2015.

### ***Farm Sector Promotion Fund***

Under this fund 413 projects have been sanctioned through grant and loans to assist farmers' club programmes, a pilot project on augmenting the productivity of lead crops, rice intensification system, farmers' training programme, village development programmes, building farmers training centres. Under this fund, ` 43.13 crores was sanctioned up to March 31, 2015.

### ***Off-Farm Sector Promotion Fund***

During 2014-15, 50 projects were sanctioned with a financial commitment of ` 4.18 crores for off farm sector promotion. The total number of projects sanctioned under rural innovation, including the projects sanctioned under RIF and Off-Farm Sector Promotion Fund, stood at 687 with the total commitment of ` 72.96 crores as on March 31, 2015. During 2014-15 grant assistance of ` 12.44 crores and loan assistance of ` 13.05 crores was disbursed for various projects/interventions for off farm development.

NABARD also has other funds which it implements in the course of its business such as the Deposit Education and Awareness Fund Scheme, 2014, Poultry venture capital fund, Adivasi Development Programme, Women Self-Help Group Development Fund, National Rural Credit (Long-Term Operations) Fund, National Rural Credit (Stabilization) Fund, Farmers Technology Transfer Fund and Rural Innovation Fund.

### **Developmental Role**

The developmental role of NABARD consists of serving as an apex financing agency for institutions providing investment and production credit to promote developmental activities in rural areas, institution building to improve capacity of credit delivery system, co-ordinating activities of all institutions engaged in developmental work on the field and liaising with GoI, State Governments, RBI and other national level policy institutions, monitoring and evaluation of projects refinanced by it and inspecting co-operative banks and RRBs and off-site surveillance over health of co-operative banks and RRBs.

As part of the GoI financial Union Budget of the GoI for 2015-16, NABARD will be involved with the Jan Dhan Yojna, Aadhar and mobile scheme to implement direct transfer of benefits, the vision of Amrut Mahotsav by 2022 (such as housing for all, eliminate poverty, electrification, by 2020, road connectivity, medical services provision, education and increase in agricultural productivity). In relation to agriculture, it is involved with Paramparagat Krishi Vikas Yojana (organic farming scheme to improve soil health), Pradhan Mantri Gram Sinchai Yojana (scheme aimed at irrigating the field of every farmer and improving water use efficiency to provide "per drop more crop"), Pradhan Mantri Krishi Sinchai Yojana (micro-irrigation, watershed development) and establishment of a national agricultural market. NABARD also will contribute to financial inclusion, rural development, social security, infrastructure funding, skilling India and "Digital India" as part of its development role.

The developmental role of NABARD is implemented in the following ways:

### **Institutional Development of Co-Operatives**

The Institutional Development has initiated programmes and initiatives for strengthening of co-operatives since 1982. Support is being provided to rural credit co-operatives structure to attain our goal for evolving a sustainable rural financial system to enhance ground level credit flow to farmers and others in rural areas by NABARD. Assist GoI in policy matters relating to rural co-operatives. These include monitoring the viability of the co-operative banks through systematic data, assisting GoI in taking remedial measures to improve the health of weak banks, help co-operative banks in streamlining procedures, upgrading technology and human resource development, professionalise executives of co-operatives, financially support training institutes of co-operative banks, provide financial assistance to co-operative banks for building improved management information system, computerisation of operations, development of human resources, assist on policy notes for GoI, RBI, Parliamentary Committees and various other agencies, provision of support to co-operatives under CDF for infrastructure development, training institutions for training of co-operative banks and PACS personnel and organising periodical Meets of Registrars of Co-operative Societies and heads of STCBs and SLDBs.

## **Farm Sector Development Department**

FSDD's core function is implementation of various farm sector initiatives aimed at conservation and management of natural resources, accelerating ground level credit flow by rural financial institutions, incremental agricultural production and productivity, generating rural employment and raising the standard of living of rural poor through credit and grant. The implementation of these programmes evolved over a period of time through various policy initiatives is the responsibility of FSDD. Dealing with the operational issues emerging while implementing, monitoring the programmes and providing feedback for policy framing and improvement is a part of the task assigned to FSDD.

## **Off Farm Sector Development**

Promotion of Rural Non-Farm Sector assumes significance in the context of reducing over dependence on agriculture of our rural population and to provide alternate livelihood options. It also helps in arresting large-scale migration of small and marginal farmers and agricultural labourers to urban areas in search of livelihood opportunities on account of unemployment/disguised employment in the agriculture sector.

NABARD, according to its mandate, had evolved several refinance and promotional schemes for development of Rural Non-Farm Sector over the years and has been making constant efforts to broad base and refine / rationalise the schemes in response to field level needs. The focus has been on greater credit flow, credit to the unreached and provision of linkages for small, cottage and village industries, handloom, handicrafts and other rural crafts and service sector in the decentralised sector in the rural areas.

Building an entrepreneurial culture and necessary skills among the rural youth and women has also been a priority area for NABARD. Developing markets for the rural non-farm sector had been another area where NABARD had taken many initiatives. NABARD has also been actively involved in promoting innovations in rural areas in farm and non-farm sectors by creating a separate fund for this purpose.

## **Micro Credit Innovations**

The 'Eshakti' pilot project launched by NABARD for digitisation of SHGs initially in the two districts of Ramgarh (Jharkhand) and Dhule (Maharashtra) aims to address the issue of reducing drudgery of manual bookkeeping, increase bankers' comfort in credit linkage of SHGs in view up-to-date credible data available on website [www.eshakti.nabard.org](http://www.eshakti.nabard.org), reducing scope of multiplicity of membership and lending to SHG members, convergence with other GoI benefits to members with Aadhaar enabled identity. Eshakti is an on-line system for writing of books of accounts of SHGs and other activities through an "App" loaded on an android based mobiles or tablets with mobile support and texting alert features to members on their updates and capable to generate various financial MIS reports.

## **PACS Development Cell Scheme**

NABARD extended grant assistance to set up PACS Development Cell (PDC) in co-operative banks so as to help PACS to develop and grow their business. During 2014-15, grant assistance was sanctioned to 10 PDCs have been sanctioned taking the cumulative number to 96 in various States and cumulative disbursement of ` 4.30 crores as on March 31, 2015.

## **Developmental Action Plan**

In order to strengthen co-operative credit institutions both for short term and long term structures as viable units on a sustainable basis, NABARD had introduced a mechanism of DAP/MoU aiming at institution specific measures in 1994-95. The performance obligations arising out of DAP formed the basis of the Memorandum of Understanding (MoU) between stake holders. While the State level MoUs are executed among the apex banks, State Government and NABARD, district-level MoUs are entered into between the apex banks and district level DCCBs/PCARDBs. The co-operative banks, throughout the country had prepared the base DAPs and executed the base level MoUs for 5 years terminating March 2000. The second round of DAPs, and MoUs covered the period 2000-01 to 2002-03 which was extended by one more year i.e. up to March 2004. Since then the base-level DAP/MoU covered a larger period of 3 to 5 years. The third phase of DAP/MoU started from the year 2004-05 for a period of 3 years. During the third phase of DAP/MoU covering the period 2004-05 and 2006-07 for the first time PACS were introduced to planning process.

Based on the feedback received from the constituent co-operative banks, it was decided to extend the exercise to its fourth phase covering the period from 2007 to 2012 so as to co-terminate with XIth five-year plan.

The mechanism of DAP/MoU has helped in building appreciation and awareness for strategic planning facilitating, in turn, sustainable viability at all levels. The feedback received indicates that there was positive impact on the performance of banks as a result of introduction of DAP/MoU through reduction of cost of management and cost of resources. The DAP planning

process, as an internal strategy for corporate planning, had facilitated in creating an awareness in the cooperative banking structure and RRBs about the need for strategic planning for corporate success.

### **Co-operative Revival and Reforms**

Rural co-operative credit institutions have played a large role in providing institutional credit to the agricultural and rural sectors in the past. Typically, these credit institutions have been part of two distinct structures, commonly known as the STCCS and the LTCCS in each state. The STCCS, comprising PACS at the village level, DCCBs at the intermediate level, and the STCBs at the apex level, primarily provides short term crop loans and other working capital loans to farmers and rural artisans, although over the last few years, it has also been providing longer duration loans for investments in the rural sector. The LTCCS, comprising SCARDB at the state level and primary (P) CARDBs or branches of SCARDB at the decentralised district or block level, has been providing typically medium and long term loans for making investments in agriculture, rural industries, and lately housing.

### **Monitoring of Progress**

RFIs have a critical role in dispensing credit to agriculture and allied sector. A strong and viable rural institutional credit framework is vital for the growth of rural economy. Strengthening of the institutions, especially the cooperative credit structure has been an area of focussed attention of NABARD. The health of these RFIs is being regularly monitored through various prescribed management systems by undertaking analysis of key business and financial parameters and time series data for making them sustainable.

### *Core Business of Department*

The core activities of the Department are to carry forward the agenda of financial inclusion of the excluded population at the national level in accordance with the framework described by the Report of the Committee on Financial Inclusion in general and operationalising the FIF and FITF, in particular. The implementation is under the guidance of the two advisory boards set up for FIF and FITF respectively.

### **Core Banking Solution (CBS) to Co-operative Banks**

In one of the biggest initiatives towards institution building, NABARD has facilitated the process of bringing the co-operative sector onto core banking solution platform. A total of 201 State and Central Co-operative Banks with 6,953 branches from 16 states of the country, such as Punjab, Haryana, Gujarat, Maharashtra, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, Bihar, Karnataka, Tamil Nadu, Kerala, Uttarakhand, Sikkim, Himachal Pradesh, Jammu & Kashmir, Arunachal Pradesh, Chandigarh, Puducherry and Andaman & Nicobar joined the “NABARD initiated Project for CBS in Co-operatives”. Two vendors, Tata Consultancy Services and Wipro, have implemented the ambitious project across the country. All these banks with 6,953 branches are fully on CBS. This includes 122 new branches which were directly opened on CBS platform. Tamil Nadu Industrial Cooperative Bank has been taken on-board for roll-out of CBS under the project.

The model followed in the initiative is Application Service Provider model using the concept of cloud computing. Now these century old banks have started functioning in the CBS environment with the technological platform of the Commercial Banks and Regional Rural Banks and are comparable with these institutions in providing similar kind of services in more rural parts of the country.

### **Supervisory Role**

NABARD has been entrusted with the statutory responsibility of conducting inspections of SCBs, DCCBs and RRBs under the provisions of Section 35(6) of the Banking Regulation Act, 1949. In addition, NABARD has also been conducting periodic inspections of state level cooperative institutions such as SCARDBs, apex weavers societies and marketing federations on a voluntary basis. The purpose of supervision is to protect present and future depositors interests, ensure business is conducted by banks complies with Indian laws and all regulations issued by NABARD, RBI or GoI, check examine the financial soundness of NABARDs and propose ways and means to strengthen the institutions to enable them to play more efficient role in assisting rural credit. This is implemented by NABARD through on-site inspections, off-site surveillance and monitoring, supplementary appraisals if required. STCBs and RRBs are required to comply with credit monitoring arrangement guidelines issued by RBI or NABARD from time to time. In addition, a Board of Supervision (for SCBs, CCBs and RRBs) has been constituted by NABARD under Section 13(3) of NABARD Act, 1981 as an internal committee to the Board of NABARD. For further details see section titled “*Regulations and Policies*” on page 72 of this Prospectus.

## FINANCING

NABARD receives its funding by raising funds through market borrowings and budgetary allocation made by GoI from the priority sector lending shortfalls of commercial banks.

To meet the growing demand for credit, NABARD adds to its resources via market borrowings, such as issuing corporate bonds, Bhavishya Nirman Bonds, NABARD Rural Bonds, capital gain bonds, commercial papers, certificates of deposits and term money borrowings.

## RISK MANAGEMENT

The Risk Management Department has been set up to put in place a professionally managed and centralised risk management system for covering various risks like credit risk, market risk, operational risk, compliance risk in NABARD's business operations. The governance structure covers Board level, Risk Management Committee and the Asset Liability Management Committee headed by the Chairman and the NPA Management Committee headed by Chief General Manager, Department of Refinance and Risk Management Committee at the Regional Offices headed by officers in charge. An integrated enterprise management policy guideline covering credit risk, market risk, operational risk and compliance risk have since been adopted. The Risk Management Department has since issued various guidelines pertaining to various risk mitigation measures such as setting performance standards for sanction and release under subsidy, grant and loan-cum-grant schemes, default forecasting and monitoring mechanism, risk rating tools for credit facility for federation, state co-operative banks, DCC banks, state co-operative agriculture and rural development banks, RRBs, NGOs and State Government. Additionally, guideline on loan documentation, comprehensive NPA management, staff accountability and compliance risk management are issued. The Regional Offices are required to assess the profitability of their own business operations and a transfer price-linked assessment of their contribution to NABARD's profit.

## SUBSIDIARIES

NABARD has the following four subsidiaries:

### ***NABARD Financial Services Limited (NABFINS)***

NABFINS is a public limited company, which was incorporated on February 25, 1997 under the Companies Act, 1956. It is registered as a non-banking finance company by the RBI. As of March 31, 2015, NABARD holds 67.01% equity in NABFINS. The other shareholders are the Government of Karnataka, Canara Bank, Union of India, Bank of Baroda, Federal Bank and Dhanlaxmi Bank Limited. The company provides microfinance to Self Help Groups (SHGs) through business and development correspondents. It also provides credit and other facilities for the promotion, expansion, commercialization and modernization of agriculture and allied activities.

### ***Agri Business Finance Limited (ABFL)***

ABFL was incorporated on February 17, 1997 under the Companies Act, 1956, with the objective of providing credit to enterprises in agriculture and allied sectors and to facilitate expansion, promotion and modernization. It is a non-deposit taking NBFC registered with the RBI. As of September 30, 2015, the major shareholders are NABARD, Andhra Bank, Andhra Pradesh State Co-operative Bank and Government of Andhra Pradesh. The authorized capital of ABFL is ₹ 50 crores, while the paid up capital is ₹ 18.16 crores. NABARD's share is 72.46% as on September 30, 2015. The ABFL lends to individuals, producer organizations, corporates, SHG and federations.

### ***NABKISAN Finance Limited, Mumbai (NABKISAN)***

NABKISAN was incorporated on February 25, 1997 under the Companies Act, 1956 and restructured in 2014, with an objective to expand its operation pan-India with special focus on financing producer organizations. As of September 30, 2015, its paid up share capital is ₹ 19.98 crores. NABARD's holding is ₹ 15.56 crores (i.e. 77.86%), as against the authorized share capital of ₹ 50 crores as on September 30, 2015. The other shareholders include the Government of Tamil Nadu, Indian Bank, Canara Bank, Indian Overseas Bank, Lakshmi Vilas Bank, Federal Bank, Tamilnad Mercantile Bank and ICICI Bank. It has pan-India operations focusing on financing producer organizations. It lends to non-government organizations, trusts, panchayat-level federations of SHGs, producers organizations, individuals, corporate and microfinance institutions.

### ***NABARD Consultancy Services Private Limited (NABCONS)***

NABCONS was incorporated on November 17, 2003 under the Companies Act, 1956 in 2003. As of September 30, 2015, its authorized share capital is ₹ 25 crores, while its paid up share capital is ₹ 5 crores as on September 30, 2015. NABCONS offers consultancy services in areas related to agriculture and rural development. It's a wholly owned subsidiary of NABARD.

## OTHER INVESTMENTS

NABARD has invested in the equity of the Agriculture Finance Corporation ( ` 1 crores), Agriculture Insurance Company of India Ltd ( ` 60 crores), Small Industries Development Bank of India ( ` 48 crores), Multi-Commodity Exchange of India Ltd ( ` 1.25 crores), National Commodity and Derivatives Exchange Ltd ( ` 16.88 crores) and Universal Commodity Exchange Ltd ( ` 16 crores) IFTAS 0.0049 crores as on September 30, 2015.

### *Investment in venture capital funds*

NABARD has made commitments of ` 193.06 crores to 9 venture capital funds and invested ` 130.99 crores against these as on September 30, 2015. In order to supplement NABARD's efforts to promote investment in agriculture and the rural sector, investments in venture capital funds have been made with an objective to channelize private equity to start-up enterprises and seed ventures taking up agricultural technology innovations.

## HUMAN RESOURCES

As at March 31, 2015, NABARD had 4,062 employees including management, risk, accounting, regional offices. NABARD aims to develop a collaborative culture and ongoing consultative process at various levels of administration within the organization. It believes that it has amicable relations with its employees and the management is also in constant dialogue with the employees to avoid any industrial relations issues, including strikes.

## INSURANCE

NABARD has obtained insurance for its office building, staff quarters, plants and machineries, furniture and fixtures, electronic equipments, motor vehicles against the risks like fire, terrorism, earth quake, theft and Tsunami.

## PROPERTIES

NABARD's head office is situated at Plot No. C-24, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India. It also has 31 Regional Offices located at Junglighat, Panaji, Bangalore, Hyderabad, Ahmedabad, Thiruvananthapuram, Itanagar, Chandigarh, Bhopal, Guwahati, Shimla, Pune, Patna, Jammu, Imphal, Raipur, Ranchi, Shillong, Aizawl, Chandigarh, New Delhi, Jaipur, Agartala, Dimapur, Gangtok, Lucknow, Srinagar, Dehradun, Bhubaneswar, Chennai and Kolkata. It also has a cell at Srinagar and Training establishments at Lucknow, Bolpur and Mangalore. It also has 400 District Development Offices across India.

## INTELLECTUAL PROPERTY

NABARD has made an application no. 3090197 dated October 28, 2015 to the Control General of Patents, Design and Trade Marks for registration of corporate name 'NABARD' under Class 36 (i.e. banking service financial analysis, capital investments, financial consultancy, financial evaluation, financial information, financial management, financial sponsorship, financing services, financial valuations, fiscal assessments and financing loans).

### **Key Operational and Financial Parameters on an unconsolidated basis**

As at March 31, 2011, 2012, 2013, 2014 and 2015 the portfolio of outstanding gross loans under management was ` 139,489 crores, ` 164,969 crores, ` 195,222 crores, ` 221,134 crores and ` 252,369 crores respectively. Gross NPAs were at 0.04985%, 0.004326%, 0.005695%, 0.00553% and 0.0496% of total loan assets of NABARD as of March 31, 2015, 2014, 2013, 2012 and 2011 respectively. Net NPAs were at 0.0092%, 0.0089%, 0.0122%, 0.0225% and 0.0214% of total loan assets of NABARD as of March 31, 2015, 2014, 2013, 2012 and 2011 respectively.

The table below sets out the key operational and financial parameters of NABARD on an unconsolidated basis for the Fiscal 2015, 2014 and 2013 and as on September 30, 2015:

| Parameters  | (in ` crore)                       |                        |                        |                        |
|---|------------------------------------|------------------------|------------------------|------------------------|
|   | Period ended<br>September 30, 2015 | Fiscal Year<br>2014-15 | Fiscal Year<br>2013-14 | Fiscal Year<br>2012-13 |
| For Financial Entities                            |                                    |                        |                        |                        |
| Networth*   | 25,580.67                          | 24,328.84              | 21,615.61              | 18,967.63              |
| Total Debt  | 2,33,704.25                        | 2,29,937.9             | 2,02,679.43            | 1,64,835.97            |
| of which  |                                    |                        |                        |                        |
| - Non Current Maturities of Long Term Borrowing** | N.A.                               | N.A.                   | N.A.                   | N.A.                   |



| Parameters                                    | Period ended<br>September 30, 2015 | Fiscal Year<br>2014-15 | Fiscal Year<br>2013-14 | Fiscal Year<br>2012-13 |
|---|------------------------------------|------------------------|------------------------|------------------------|
| - Short Term Borrowing**                      | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| - Current Maturities of Long Term Borrowing** | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Net Fixed Assets                              | 337.18                             | 325.19                 | 325.28                 | 315.45                 |
| Non Current Assets**                          | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Cash and Cash Equivalents                     | 159.28                             | 2314.96                | 434.44                 | 1272.19                |
| Current Investments**                         | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Current Assets**                              | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Current Liabilities**                         | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Assets Under Management                       | N.A.                               | N.A.                   | N.A.                   | N.A.                   |
| Off Balance Sheet Assets                      | -                                  | -                      | -                      | -                      |
| Interest Income                               | 10,067.06                          | 17,485.27              | 15,250.73              | 12,701.19              |
| Interest Expense                              | 7,412.10                           | 12,928.96              | 11,297.52              | 8,954.83               |
| Provisioning & Write-offs                     | 24.43                              | 114.25                 | 73.13                  | 164.77                 |
| PAT   | 1,251.83                           | 2,403.26               | 1,860.25               | 1,808.07               |
| Gross NPA (%)                                 | 0.0497%                            | 0.04985%               | 0.04326%               | 0.05695%               |
| Net NPA (%)                                   | 0.0075%                            | 0.0092%                | 0.0089%                | 0.0122%                |
| Tier I Capital Adequacy Ratio (%)             | 16.39%                             | 15.83%                 | 15.48%                 | 17.33%                 |
| Tier II Capital Adequacy Ratio (%)            | 1.08%                              | 1.08%                  | 1.13%                  | 0.91%                  |

\* In terms of Section 2(57) in the Companies Act, 2013.

\*\*Not applicable as NABARD is not required to prepare financials as per Schedule III of the Companies Act, 2013

## REGULATIONS AND POLICIES

*The following is an overview of the important and principal laws, regulations and policies that are relevant to our core business. The description of laws, regulations and policies set out below are not exhaustive, and are only intended to provide general information to investors and is neither designed, nor intended to be a substitute for professional legal advice.*

### ***The National Bank for Agriculture and Rural Development Act, 1981***

The Issuer was established under the NABARD Act for providing and regulating credit and other facilities for the promotion and development of agriculture small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas. The NABARD Act prescribes that the head office of the Issuer shall be at Bombay, but it may establish offices, branches or agencies at any place in India. The capital of the Issuer as provided under the NABARD Act is ₹ 100 crore and can be increased to ₹ 5,000 crore. The general, superintendence, direction and management of the affairs and business of the Issuer will vest in a Board who is empowered to all powers and do all acts which may be done by the Issuer. The Issuer is entitled to (a) issue and sell bonds, debentures and other financial instruments; (b) borrow money from RBI; (c) borrow money from the GoI and from any other authority or organisation or institution approved by the Board; (d) accept deposits from the GoI, State Government or any local authority, state land development banks, state co-operative s or any scheduled bank; and (e) receive gifts, grants, donations or benefactions from the GoI or State Government or any other source. NABARD provides: (i) financing for agricultural operations or the marketing of crops; (ii) the marketing and distribution of inputs necessary for agriculture or rural development; (iii) any other activity for the promotion of or in the field of agriculture or rural development; (iv) bona fide commercial or trade transactions, or, the production or marketing activities of artisans or small-scale industries; and (v) industries in the tiny and decentralised sector, village and cottage industries or of those engaged in the field of handicrafts and other rural crafts. Issuer can be wound up by way of an order by the GoI in a manner as may be prescribed by the GoI.

### ***National Bank for Agriculture and Rural Development General Regulations, 1982 (“NABARD General Regulations”)***

The NABARD General Regulations provides for a regulatory framework for the meetings of board, directors fees, manner in which contracts binding on the Issuer to be executed, etc. The NABARD General Regulations provides that the Issuer shall ordinarily meet once a quarter in each year. The meetings are to be convened by the Chairman and shall ordinarily be held at Mumbai. The NABARD Regulations provides that a resolution in writing which is circulated to all directors and approved and signed by majority without a meeting will be valid. The Chairman and other directors are entitled to fees for attending meetings of the Board, for attending meetings of the Committee and for attending any other work for the Issue. Additionally, in accordance with the NABARD General Regulations, the directors are also entitled to travelling and halting allowances in connection with the work of the Issuer. In accordance with the NABARD General Regulations, bonds or debentures of NABARD shall be issued over the signature of the Chairman or the managing director or any whole-time director.

### ***National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984 (“Additional Regulations”)***

The Additional Regulations provides for a framework for the executive committee and the advisory council. The Additional Regulations stipulates that the executive committee will consist of the chairman, the managing director and such other directors nominated by the chairman (“**Executive Committee**”). The Chairman may call meetings of the Executive Committee once in two months at Mumbai and a notice of not less than clear 10 days shall be given to the members of the Executive Committee to enable them to attend the meeting. However if the Chairman considers it necessary to call an emergency meeting of the Executive Committee, he is entitled to do by giving a notice of not less than five clear days to the members of the Executive Committee. Further, a chairman may convene a meeting of the advisory council ordinarily once in six months at the head office of the Issuer. Under the Additional Regulations, the Board is responsible to keep accounts of all the assets and liabilities and receipts and payments of the Issuer. The annual accounts of the Issuer is to be prepared and set out in a balance sheet as on March 31<sup>st</sup> of each year and a profit loss account for the year ended March 31<sup>st</sup> in the prescribed formats.

### ***National Bank for Agriculture and Rural Development (Issue and Management of Bonds) Regulations, 1987 (“Bonds Regulations”)***

The Bond Regulations applies to (a) the bonds issued and sold by the erstwhile Agricultural Refinance and Development Corporation (since dissolved) and outstanding as on the date of coming into force of the Bond Regulations; (b) bonds series No. 1 to 5 issued and sold by the Issuer and such other series as may be issued by the Issuer till coming into force of the Bond Regulations; and (c) the bonds issued and sold by the Issuer from the date of coming into force of the Bonds Regulations. Pursuant to the Bond Regulations, a bond may be issued by the Issuer in the form of a promissory note or a stock registered in the books of the Issuer or the RBI for which stock certificates are issued. A bond issued in the form of promissory note shall be transferable by endorsement and delivery like a promissory note payable to order. A bond issued in the form of a stock certificate and registered in the books of the Issuer or the RBI shall be transferable either wholly or in part of execution of an

instrument of transfer The transferee in such a case shall be deemed to be the holder of the bonds issued in the form of stock to which the transfer relates until the name of the transferee is registered by the Issuer or the RBI, as the case may be. A bond shall be issued over the signature of the Chairman of the Issuer which may be printed, engraved or lithographed or impressed by such other mechanical process as the Issuer may direct.

### ***National Bank for Agriculture and Rural Development (Amendment) Act, 2013 (the “Bill”)***

The Bill was introduced in the Lok Sabha on May 6, 2013. It seeks to amend the NABARD Act. The Bill has been referred to the Standing Committee on Finance (Chairperson: Mr. Yashwant Sinha) on May 9, 2013 for examination. The Standing Committee was due to submit its report by August 9, 2013.

The Bill states that the share of capital currently held by RBI, valued at ₹ 20 crore, shall be transferred to the central government. The above amount equates to a 0.4% of the share. The Bill further contemplates to raise the authorized capital of NABARD to ₹. 20,000 crore from ₹ 5,000 crore. The Bill requires NABARD to establish a fund to be known as the National Rural Credit (Short Term Operations) Fund. This fund is to include sums of money that may be contributed by the GoI, state governments, RBI and the Board. The Bill merges the posts of the Chairman and the Managing Director of NABARD. It changes the definition of “co-operative society” and “central co-operative bank”. It introduces the terms “micro enterprise”, “small enterprise” and “medium enterprise” as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

### ***The Recovery of Debts due to Banks and Financial Institutions Act, 1993***

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “DRT Act”) provides for establishment of the Debt Recovery Tribunals (the “DRTs”) for expeditious adjudication and recovery of debts due to banks and financial institutions. The DRT Act lays down the procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

### ***The Prevention of Money Laundering Act, 2002***

The Prevention of Money Laundering Act, 2002 (the “PMLA”) was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, is required to maintain record of all transactions of a specified nature and value and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA.

### ***The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002***

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the “SARFAESI Act”) regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a “without recourse” basis only. A securitization company may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower, by change in, or take over of, the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

### ***Regulations relating to Knowing the Customer and Anti-Money Laundering***

The RBI has issued guidelines for identification of depositors and has advised banks and financial institutions to put in place systems and procedures to control financial frauds, identify money laundering and suspicious activities, and monitor high value cash transactions. The RBI has also advised financial institutions and banks to be vigilant whilst opening accounts for new customers to prevent misuse of the financing system for perpetration of frauds.

The RBI has prescribed know your customer (KYC) and anti-money laundering procedures (AML) combating financing of terrorism and obligation of banks under the Prevention of Money Laundering Act, 2002. Banks and financial institutions are required to have a customer acceptance policy laying down explicit criteria for acceptance of customers and defining risk parameters. A profile of the customers must be prepared based on risk categorisation. Banks and financial institutions have been advised to apply enhanced due diligence for high-risk customers. The guidelines provide that banks must undertake customer identification procedures while establishing a banking relationship or carrying out a financial transaction or when NABARD has a doubt about the authenticity or the adequacy of the previously obtained customer identification data. Banks and financial institutions must obtain sufficient information necessary to establish the identity of each new customer and the purpose of the intended banking relationship. Banks and financial institutions must also monitor transactions depending on the account's risk sensitivity.

In addition to keeping customer information confidential banks and financial institutions must ensure that only information relevant to the perceived risk is collected and that the same is not intrusive in nature. Apart from addressing this concern the fresh guidelines set out in detail the framework to be adopted by banks and financial institutions as regards their customer dealings. The concerns remain substantially the same and are directed towards prevention of financial frauds and money laundering transactions.

### ***Exposure Norms for Financial Institutions***

The RBI has provided for exposure norms for financial institutions ("**Exposure Norms**") consolidated in the Master Circular No. 1 DBR.FID.FIC.No.4 / 01.02.00 / 2015-16 dated July 1, 2015 to provide a detailed guidance to all-India term-lending and refinancing institutions in the matter of exposure norms. The Exposure Norms are also applicable to the refinancing institutions (viz., NABARD, NHB and SIDBI) but in view of the refinance operations being the core function of these institutions, their refinance portfolio is not subject to these exposure norms. However, from the prudential perspective, the refinancing institutions have to evolve their own credit exposure limits, with the approval of their Board, even in respect of their refinancing portfolio. Such limits could, inter alia, be related to the capital funds / regulatory capital of the institution. Any relaxation / deviation from such limits, if permitted, should be only with the prior approval of the Board.

The credit exposure to single borrowers shall not exceed 15% of capital funds of the FI. However, the exposure may exceed by additional five percentage points (i.e., up to 20%) provided the additional credit exposure is on account of infrastructure projects. FIs may, in exceptional circumstances, with the approval of their Boards, consider enhancement of the exposure to a borrower up to a further 5% of capital funds (i.e., 25% of capital funds for infrastructure projects and 20 percent for other projects). The credit exposure to the borrowers belonging to a group shall not exceed 40% of capital funds of the FI. However, the exposure may exceed by additional ten percentage points (i.e., up to 50%) provided the additional credit exposure is on account of infrastructure projects. FIs may, in exceptional circumstances, with the approval of their Boards, consider enhancement of the exposure to a borrower up to a further 5% of capital funds. While computing the extent of exposures to a borrower / borrower group for assessing compliance vis-a-vis the single borrower limit / group borrower limit, exposures where principal and interest are fully guaranteed by the GoI may be excluded.

### ***Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Financial Institutions***

RBI pursuant to Master Circular No. DBR.No.FID.FIC.3 / 01.02.00 / 2015-16 dated July 1, 2015 provides for a consolidated set of guidelines on Classification, Valuation and Operation of Investment Portfolio to all-India term-lending and refinancing institutions. The entire investment portfolio of the financial investment will be classified under three categories viz. 'Held to Maturity' ("**HTM**"), 'Available for Sale' ("**AFS**") and 'Held for Trading' ("**HFT**"). The securities acquired by the financial institutions with the intention to hold them till maturity will be classified under HTM. The securities acquired by the financial institutions with the intention to trade by taking advantage of the short-term price / interest rate movements will be classified under HFT. The securities, which do not fall within the above two categories, will be classified under AFS. In keeping with the international norms, only debt securities are to be classified under the HTM category. The investments included under HTM should not exceed 25% of the total investments.

For computing the ceiling of 25% for the HTM category, the following type of investments should be excluded from the total investments and 25% of the balance amount would constitute the ceiling :

1. Equity held in subsidiaries / joint ventures;
2. Bonds / debentures and preference shares meeting the prescribed criteria and treated in the nature of advance;
3. Other investments (equity shares) in the nature of advance which may be held in the AFS category.

The financial institutions will have the freedom to decide on the extent of holdings under AFS and HFT categories. This will be decided by them after considering various aspects such as basis of intent, trading strategies, risk management capabilities, tax planning, manpower skills, capital position. Investments classified under HTM category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the premium should be amortised

over the period remaining to maturity. The individual scrips in the AFS category will be marked to market at the year-end or at more frequent intervals. The net depreciation under each classification mentioned below should be recognised and fully provided for, the net appreciation under these classifications should be ignored. The book value of the individual securities would not undergo any change after the revaluation.

### ***Resource Raising Norms for Financial Institutions (“RR Norms”)***

RBI Master Circular No. DBR.No.FID.FIC.1 / 01.02.00 / 2015-16 dated July 1, 2015 consolidates provisions relating to short-term and long-term resource requirements of financial institutions so as to enable the financial institutions to cater to sectoral needs of credit linked to the operations, purpose and objectives with which the financial institutions were set up in accordance with their respective statutes. This circular also aims at providing level-playing field, by bringing broad convergence in regulatory norms among financial institutions with regard to issue of bonds by them. The ‘umbrella limit’ at present consists of five instruments viz., term deposits, term money borrowings, certificates of deposits (CDs), commercial papers (CPs) and inter-corporate deposits (ICDs). The aggregate borrowings through these specified instruments should not at any time exceed 100% of net owned funds (NOF) of the FI concerned in accordance with its latest audited balance sheet or as approved by RBI for individual financial institutions. The outstanding of total resources mobilised at any point of time by an FI, including the funds mobilised under the 'umbrella limit', as prescribed by the Reserve Bank, should not exceed 10 times its net owned funds as per its latest audited balance sheet or as approved by RBI for individual financial institutions.

Further, in accordance with the RR Norms, financial institutions are not required to seek issue-wise prior approval / registration from the RBI for raising resources by way of issue of bonds, whether by public issue or through private placement, subject to the fulfillment of the following conditions :

1. The minimum maturity of the bond should be 3 years;
2. In respect of bonds having call / put or both options, the same should not be exercisable before the expiry of one year from the date of issue of bonds;
3. No ‘Exit’ option on the bonds should be offered before the end of one year, from the date of issue.

### ***Disclosure Norms for Financial Institutions***

Pursuant to the Disclosure Norms for Financial Institutions issued in March 2001 (as updated till July 2015 by Master Circular No. DBR.No.FID.FIC.2 / 01.02.00 / 2015-16) RBI has provided for guidelines to all- India term-lending and refinancing institutions in the matter of disclosures in the notes to accounts in the financial statements with a view to bringing about uniformity in the disclosure practices adopted by various financial institutions (Exim Bank, NABARD, NHB and SIDBI) and improving the degree of transparency in their affairs. The disclosures include disclosures related to capital to risk weighted assets ratio, asset quality and credit concentration, maturity pattern of rupee assets and liabilities, operating results etc.

### ***SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015***

The initial disclosure norms for companies or entities accessing the capital market in equity or debt segment are prescribed in detail in various regulations. Pursuant to the SEBI LODR Regulations, the SEBI LODR Regulations will consolidate and streamline the provisions of existing listing agreements for different segments of the capital market. The SEBI LODR Regulations have been sub-divided into two parts viz. (a) substantive provisions incorporated in the main body of SEBI LODR Regulations; and (b) procedural requirements in the form of Schedules to the SEBI LODR Regulations. The main features of the SEBI LODR Regulations, include, inter alia (i) principles for providing the periodic disclosures by listed entities in line with International Organization of Securities Commission and the principles for corporate governance in line with the principles of Organization for Economic and Co-operation Development; (ii) obligations for all the listed entities for appointing common compliance officer and filings on electronic platform; (iii) obligations with respect to specific types of securities; (iv) alignment of related provisions and providing the same at a common place; (v) aligning the provisions of the SEBI LODR Regulations in line with those of the Companies Act, 2013; (vi) incorporation of pre-listing requirements in SEBI Debt Regulations and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009; (vii) responsibility being given to the stock exchanges for monitoring of compliance of the provisions of the SEBI LODR Regulations and to take action for non-compliance; (viii) prescribing of a shortened version of the SEBI LODR Regulations for signing by the companies who are getting their securities listed on the stock exchanges. Existing listed entities will be required to sign the shortened version within six months of the notification of the regulations. The SEBI LODR Regulations has been notified on September 2, 2015 by SEBI by its Notification No. SEBI / LAD-NRO / GN / 2015-16 / 013, and is in effect from December 1, 2015. NABARD having its debt securities listed is required to comply with SEBI LODR Regulations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief Background of NABARD

NABARD was a product of the committee lead by the Chairman Mr. B. Sivaraman, a former member of Planning Commission, GoI. The Sivaraman Committee was constituted by the RBI on March 30, 1979 at the instance of the GoI, to review the arrangements for institutional CRAFTCARD. The Committee, in its interim report, submitted on 28 November 1979, felt the need for a new organisational device for providing undivided attention, forceful direction and pointed focus to the credit problems arising out of integrated rural development and recommended the formation of National Bank for Agriculture and Rural Development. The Parliament, through Act, 61 of 1981, approved the setting up of NABARD. Eventually NABARD came into existence on July 12, 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then ARDC. NABARD was dedicated to the service of the nation by the late Prime Minister Smt. Indira Gandhi on November 05, 1982.

NABARD was set up with an initial capital of ₹ 100 crore. Consequent to the revision in the composition of share capital between GoI and RBI, the paid up capital as on March 31, 2015, stood at ₹ 5,000 crore with GoI holding ₹ 4,980 crore (99.60%) and Central ₹ 20.00 crore (0.40%).

### Vision

NABARD functions with the mission to “Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.”

### Main Objects

The main objects of NABARD are provided in the NABARD Act as per which NABARD was constituted for facilities for the promotion and development of agriculture small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas.

### Major Events

| Financial Year | Particulars   |
|----------------|---|
| 1982-1984      | <ul style="list-style-type: none"><li>• Launch of Farmer’s Club (Vikas Volunteer Vahini) Programme - Propagation of Principles of Development through Credit.</li><li>• Setting up of Bankers Institute of Rural Development, Lucknow.</li><li>• Establishment of Regional Training Centre at Bolpur and Mangalore.</li></ul> |
| 1986-1990      | <ul style="list-style-type: none"><li>• Refinance facility extended under Non-Farm Sector.</li><li>• Introduction of Potential Linked Credit Plans.</li><li>• Opening of District Level Offices.</li><li>• Facilitating Implementation of Agriculture and Rural Debit Relief Scheme.</li></ul>                                |
| 1992-1993      | <ul style="list-style-type: none"><li>• Launching of KW assisted Watershed Development Programme.</li><li>• Pilot Project on SHG-Bank Linkage.</li><li>• Establishment of Cooperative Development Fund.</li></ul>   |
| 1993-1996      | <ul style="list-style-type: none"><li>• Launch of District Rural Industries Project.</li><li>• Restructuring of Regional Rural Banks.</li><li>• Launch of ‘Wadi’ programme.</li><li>• Setting up of Rural Infrastructure Development Fund.</li></ul>  |
| 1998-2000      | <ul style="list-style-type: none"><li>• Operationalisation of Kisan Credit Card (KCC) Scheme.</li></ul>   |

| Financial Year | Particulars  |
|----------------|--|
|                | <ul style="list-style-type: none"> <li>• Creation of Watershed Development Fund.</li> <li>• Launch of Cluster Development Programme.</li> <li>• Setting up of Micro Finance Development Fund.</li> </ul>   |
| 2001-2004      | <ul style="list-style-type: none"> <li>• Extending of refinance to rural housing.</li> <li>• Establishment of NABCONS Consultancy Service.</li> <li>• Formulation of Swarozgar Credit Card Scheme.</li> <li>• Partnering with Commercial Banks for Co-financing.</li> </ul>  |
| 2004-2005      | <ul style="list-style-type: none"> <li>• Tribal Development Fund.</li> <li>• Designated as nodal agency for implementation of the recommendations of the Task force on revival of Short Term Rural Cooperative Credit Institutions (Vaidyanathan Committee).</li> <li>• Pilot Project on Joint Liability Group.</li> </ul>   |
| 2005-2007      | <ul style="list-style-type: none"> <li>• Launch of Micro Enterprise Development Programme.</li> <li>• Setting up of Farm Innovation Promotion Fund.</li> <li>• Setting up of Rural Innovation Fund.</li> <li>• Launch of Village Development Programme.</li> </ul>   |
| 2008-2009      | <ul style="list-style-type: none"> <li>• Launch of Umbrella Programme for Natural Resources Management.</li> <li>• Watershed Programme in Distressed Districts covered under PM's Package.</li> <li>• Implementation of Agriculture Debt Waiver and Debt Relief Scheme.</li> <li>• Setting up of Farmers Technology Transfer Fund.</li> <li>• Setting up of Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund.</li> </ul>   |
| 2010-2012      | <ul style="list-style-type: none"> <li>• Bringing Green Revolution in Eastern India.</li> <li>• Modified Kisan Credit Card.</li> <li>• NABARD Infrastructure Development Assistance is designed to fund state owned institutions / corporations.</li> <li>• Pilot Project on Augmenting Farm Productivity in Balasore District.</li> <li>• Programme to engage 150 lakh poor households in 150 backward districts.</li> <li>• National Implementing Entity for Climate Change Initiatives in India for UNFCCC.</li> <li>• Launch of Core Banking Solution for Cooperatives.</li> <li>• New Business Initiatives in the areas of creation of rural infrastructure, transformation of Primary Agriculture Credit Societies(PACS) into Multi Service Providers / Aggregators, direct loans to Central Cooperative Banks.</li> </ul> |
| 2013-2015      | <ul style="list-style-type: none"> <li>• Under NABARD Infrastructure Development Assistance two new lines of credit introduced: <ul style="list-style-type: none"> <li>a) Financing of registered Infrastructure Finance Companies and Public Financial Institutions;</li> </ul> </li> </ul>   |

| Financial Year | Particulars  |
|----------------|--|
|                | <p style="text-align: center;">and</p> <p>b) Financing Rural Infrastructure through PPP mode.</p> <ul style="list-style-type: none"> <li>• Implementation of GoI's package for Revival of Short-Term Rural Co-operative Credit Structure.</li> <li>• Launch of 'shilpihaat.com' and 'ekraftsindia.com' portal for providing marketing opportunities to rural artisans.</li> <li>• Introduction of 'Scheme of Sponsored Research' under Research and Development Initiatives.</li> <li>• Accreditation by Adaptation Fund Board of the United Nations Framework Convention on Climate Change as National Implementation Entity in India to enable partners to access resources from AFB.</li> <li>• NABKISAN Finance Limited was formulated with special focus on Producer's Organisation.</li> </ul> |

### Material Agreements

Other than in ordinary course of business, NABARD has not entered into any material contracts within the last two years.



## OUR MANAGEMENT

### Members of the Board

NABARD was constituted by an Act of Parliament, namely the NABARD Act, to establish a financial institution for providing and regulating credit and other facilities for the promotion and development of agriculture small-scale industries, cottage and village industries, handicrafts and other rural crafts and allied economic activities. In accordance with section 6(1) of the NABARD Act, the GoI in consultation with the RBI, shall constitute the Board which shall consist of:

- (a) a chairman;
- (b) three directors from amongst experts in rural economics, rural development village and cottage industries, small-scale industries or persons having experience in the working of co-operative banks, regional rural banks or commercial banks or any other matter the special knowledge or professional experience;
- (c) three directors from out of the directors of the RBI;
- (d) three directors from amongst the officials of the GoI;
- (e) four directors from amongst the officials of the State Government;
- (f) directors elected by shareholders other than the RBI, the GoI and other institutions owned or controlled by the GoI. (The number of directors who can be elected by the shareholders are: (i) two directors where the total amount of equity share capital issued to such holders is 10% or less of the total issued equity capital; (ii) three directors where the total amount of equity share capital issued to such holders is more than 10% but less than twenty-five percent of the total issued equity capital; and (iii) four directors where the total amount of equity share capital issued to such shareholders is twenty-five percent or more of the total issued equity capital); and
- (g) a managing director.

Additionally, under Section 6(3) of the NABARD Act, the GoI in consultation with the RBI, may appoint one or more whole-time directors on to the Board.

Under the NABARD Act, the affairs of NABARD are governed by the Board; and the managing director has the general powers of superintendence, direction and management of the affairs and business of NABARD. In the absence of the managing director, the chairman may exercise such powers and discharge the functions of the managing director. The term of office of the chairman, managing director and whole-time directors is five years and the term of office of other directors is three years. Any director of NABARD may resign after giving notice thereof in writing to the GoI. In accordance with the NABARD Act and NABARD General Regulations, the Board shall ordinarily meet once a quarter in each year. The meetings of the Board are convened by the chairman, and in his absence, by managing director and are ordinarily held in Mumbai.

The following table sets out details regarding the Board, as on the date of this Prospectus:

| Name, Designation, Age, Nationality of Director and DIN (as applicable) and Tenure  | Address   | Other Directorships  | Committee   |
|---|---|--|---|
| <b>Dr. Harsh Kumar Bhanwala</b><br>Designation: Chairman<br>Director on the Board Since: December 18, 2013<br>DIN:06417704<br>Nationality: Indian<br>Age: 54 Years<br>Date of Birth: November 27, 1961<br>Occupation: Service<br>Tenure: Five years from the date of his taking over the charge of the post or until further orders, whichever is earlier | Flat No. 301, NABARD, House, B / H CITI Bank, Bandra Kurla Complex, Bandra East, Mumbai 400 098 | 1. NABARD Consultancy Services Limited;<br>2. Bankers Institute of Rural Development;<br>3. Deposit Insurance and Credit Guarantee Corporation;<br>4. National Institute of Bank Management;<br>5. Indian Institute of Banking and | 1. Chairman, executive committee;<br>2. Chairman, risk management committee; and<br>3. Chairman, sanctioning committee. |

| Name, Designation, Age, Nationality of Director and DIN (as applicable) and Tenure  | Address  | Other Directorships   | Committee   |
|---|--|---|---|
|   |  | Finance (IIBF); and<br>6. National Cooperative Development Corporation.                       |   |
| <b>Dr. Satyanarayana Dash</b><br>Designation: Part Time Non Official Director<br>Director on the Board Since: January 28, 2016<br>DIN:01127760<br>Nationality: Indian<br>Age: 65 Years<br>Date of Birth: March 14, 1950<br>Occupation: Part Time Non Official Director of NABARD<br>Tenure: For three years from January 28, 2016 or until further orders, whichever is earlier | HIG 206, Kanan Vihar Phase I, Patia, Bhubaneswar 751 031               | None  | None  |
| <b>Mr. H. R. Khan</b><br>Designation: Director<br>Director on the Board Since: August 19, 2011<br>DIN: NA<br>Nationality: Indian<br>Age: 61<br>Date of Birth: July 29, 1954<br>Occupation: Service<br>Tenure: For two years from July 4, 2014 or until further orders, whichever is earlier   | 4, Vasant Vihar, Napean Sea Road, Mumbai 400 006                       | 1. RBI;<br>2. National Housing Bank; and<br>3. IDRBT.   | 1. Member, executive committee;<br>2. Member, sanctioning committee;<br>3. Chairman, audit committee of the board; and<br>4. Member, risk management committee. |
| <b>Dr. Nachiket Mor</b><br>Designation: Part Time Director<br>Director on the Board Since: September 17, 2014<br>DIN: 00043646<br>Nationality: Indian<br>Age: 52<br>Date of Birth: February 26, 1964<br>Occupation: Service<br>Tenure: From September 17, 2014 until further orders   | B / 101, Gulmohar, Ceaser Road, Amboli, Andheri (West), Mumbai 400 058 | 1. CRISIL Limited;<br>2. Micro Units Development and Refinance Agency Limited; and<br>3. RBI. | None  |
| <b>Mr. S K Pattanayak</b><br>Designation: Director<br>Director on the Board since: February 12, 2016<br>DIN: NA<br>Nationality: Indian<br>Age: 57<br>Date of Birth: September 23, 1958<br>Occupation: Service<br>Tenure: From the date of his taking over the charge of the post until further orders.  | Room No.222, II Floor, Vidhana Soudha, Bangalore-560001                | None  | Member, sanctioning committee.  |

| Name, Designation, Age, Nationality of Director and DIN (as applicable) and Tenure   | Address   | Other Directorships   | Committee   |
|--|---|---|---|
| <p><b>Mrs. Snehlata Shrivastava</b><br/> Designation: Director<br/> Director on the Board since: June 6, 2014<br/> DIN:06478173<br/> Nationality: Indian<br/> Age: 58 years<br/> Date of Birth: September 18, 1957<br/> Occupation: Service<br/> Tenure: From June 6, 2014 and until further orders.</p>                         | <p>B-9, Tower-10, New Moti Bagh, New Delhi 110 021</p>  | <p>1. GIC of India , Mumbai;<br/> 2. IDFC;<br/> 3. IDBI Bank Limited; and<br/> 4. LIC of India.</p>   | <p>1. Member, executive committee;<br/> 2. Member, risk management committee;<br/> 3. Member, audit committee; and<br/> 4. Member, sanctioning committee.</p> |
| <p><b>Mr. Dinesh Kumar Jain</b><br/> Designation: Director<br/> Director on the Board since: July 1, 2015<br/> DIN:07239310<br/> Nationality: Indian<br/> Age:57<br/> Date of Birth: January 25, 1959<br/> Occupation :Service<br/> Tenure: Until July 26, 2016 from the date of his taking over the charge of the post</p>      | <p>Agriculture &amp; ADF Department, 509, Annex Building, Mantralaya, Mumbai 400 032</p>  | <p>1. Maha Online Limited.</p>  | <p>1. Member, executive committee; and<br/> 2. Member, sanctioning committee.</p>   |
| <p><b>Mrs. Upma Chawdhry</b><br/> Designation: Director<br/> Director on the Board Since: September 24, 2014<br/> DIN:02333321<br/> Nationality: Indian<br/> Age: 56<br/> Date of Birth: December 28, 1959<br/> Occupation: Service<br/> Tenure: Until April 8, 2016 from the date of her taking over the charge of the post</p> | <p>Cottage No. 2, Old Brockhurst Shimla Himachal Pradesh 710 002</p>  | <p>None</p>   | <p>1. Member, risk management committee; and<br/> 2. Member, audit committee.</p>   |
| <p><b>Mrs. Latha Krishna Rao</b><br/> Designation: Director<br/> Director on the Board Since: March 13, 2015<br/> DIN:02391324<br/> Nationality: Indian<br/> Age: 57<br/> Date of Birth: May 1, 1958<br/> Occupation: Service<br/> Tenure: Until July 26, 2016 from the date of her taking over the charge of the post.</p>      | <p>319, 15<sup>th</sup> Cross, 5<sup>th</sup> Main, RMV 2<sup>nd</sup> Stage, Dollars Colony, New BEL Road, Bangalore 560 094</p> | <p>1. Karnataka Mining Environment Restoration Corporation;<br/> 2. International Flower Auction Bangalore Limited;<br/> 3. Karnataka Agro Industries Corporation Limited; and<br/> 4. Karnataka State Seeds Corporation Limited.</p> | <p>1. Member, risk management committee; and<br/> 2. Member, audit committee.</p>   |
| <p><b>Mr. M. Srinivas Rao</b><br/> Designation: Director<br/> Director on the Board Since: December 9,</p>   | <p>Raj Bhavan, East Khasi Hills, Shillong 793 001</p>   | <p>1. Megalaya State Agricultural Marketing Board</p>   | <p>Member, sanctioning</p>  |

| Name, Designation, Age, Nationality of Director and DIN (as applicable) and Tenure  | Address   | Other Directorships  | Committee  |
|---|---|--|--|
| 2015<br>DIN: NA<br>Nationality: Indian<br>Age: 54 Years<br>Date of Birth: September 27, 1961<br>Occupation: Service<br>Tenure: Until April 8, 2016 from the date of his taking over the charge of the post.   |   | (MSAMB).   | committee.   |
| <b>Mr. H. R. Dave</b><br>Designation: Deputy Managing Director<br>Director on the Board Since: August 14, 2014<br>DIN:02529511<br>Nationality: Indian<br>Age: 56 Years<br>Date of Birth: April 16, 1959<br>Occupation: Service<br>Tenure: For five years from the date of his taking over the charge of the post or till the date of his superannuation i.e. April 30, 2019 or until further orders, whoever is earlier                 | Flat No. 601, NABARD House, B / H CITI Bank Bandra Kurla Complex, Bandra East, Mumbai 400 098 | 1. Agri Business Finance Limited; and<br>2. NABARD Consultancy Services Limited. | 1. Member, executive committee;<br>2. Member, risk management committee;<br>3. Member, audit committee; and<br>4. Member, sanctioning committee. |
| <b>Mr. R. Amalorpavanathan</b><br>Designation: Deputy Managing Director<br>Director on the Board Since: August 19, 2014<br>DIN: 06941432<br>Nationality: Indian<br>Age: 56 Years<br>Date of Birth: June 1, 1959<br>Occupation: Service<br>Tenure: For a period of five years from the date of his taking over the charge of the post or till date of his superannuation i.e. May 31, 2019 or until further orders, whichever is earlier | Flat No. 401, NABARD House, B / H CITI Bank, Bandra Kurla Complex, Bandra East Mumbai 400 098 | NABKISAN Finance Limited.  | 1. Member, executive committee;<br>2. Member, risk management committee;<br>3. Member, sanctioning committee; and<br>4. Member, audit committee. |

*Note: While Mr. S. Vijayanand has been appointed as the Director of NABARD (in place of Mr. Jugal Kishore Mohapatra), he is yet to take charge of his post as the Director of NABARD.*

None of the present Directors of NABARD appear on the RBI and/or the Export Credit Guarantee Corporation default list.

#### **Brief Profiles**

**Dr. Harsh Kumar Bhanwala**, aged 54 years, is the chairman of NABARD and is appointed pursuant to Section 6(1)(a) of the NABARD Act. He holds a post-graduate degree in management and is a doctor of philosophy (“**PhD**”) degree holder. Dr. Bhanwala was earlier the executive director in India Infrastructure Finance Company Limited (“**IIFCL**”) and also functioned as its chief managing director for nearly six months. He was looking after the corporate planning, human resource development and credit enhancement initiatives as chief general manager in IIFCL. He spearheaded development of credit enhancement initiative, the first of its kind of initiative in India. He has also worked in various capacities as an officer with us and was the managing director of Delhi State Cooperative Bank Limited (“**DSCB**”) from 2000. During his stay with NABARD and DSCB, he gathered expertise in financial inclusion, microfinance, cooperative credit institutions, rural infrastructure project development and project appraisal related to agricultural projects.

**Dr. Satyanarayana Dash**, aged 65 years, is appointed pursuant to Section 6(1)(b) of the NABARD Act is a post graduate in physics and holds a PhD in economics. He also holds a masters degree in physics and degree in masters of business administration (“MBA”).

**Mr. H. R. Khan**, aged 61 years, is appointed pursuant to Section 6(1)(c) of the NABARD Act. He has masters in political science and has masters in philosophy and post graduate diploma in business management. Mr. Khan is one of the four deputy governors of the RBI. He is also RBI’s representative on the committee on the global financial system of the Bank of International Settlement. Mr. Khan has been associated with number of internal and external committees such as committee on technology exports, committee on ways and means advances to the State Governments (as member-secretary), working group on instruments of sterilisation (as convener), international task force on central counterparties, working group on model fiscal responsibility and budget management bill for states (as convener). He was the chairman of the internal group of RBI on rural credit and microfinance (popularly known as the Khan committee). Mr. Khan was also the nominee director of RBI on the boards of Dena Bank, Bank of Maharashtra, Punjab & Sind Bank, Bank of Rajasthan and the Orissa State Finance Corporation

**Dr. Nachiket Mor**, aged 55 years, is appointed pursuant to Section 6(1)(c) of the NABARD Act. He is a Yale world fellow and has a PhD in economics with a specialisation in finance, an MBA in finance and an undergraduate degree in physics. Dr. Mor is board chair of CARE India and a member of the boards of RBI and CRISIL.

**Mr. S. K. Pattanayak**, aged 57, is appointed under Section 6(1)(d) of NABARD Act. He is a 1982 batch IAS officer of Karnataka cadre and is presently holding the post of Secretary Department of Agriculture, Cooperative and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, GoI.

**Mrs. Snehlata Shrivastava**, aged 58 years, is appointed pursuant to Section 6(1)(d) of the NABARD Act. She holds a post graduate degree in geography and holds a masters degree in philosophy in regional planning and economic growth. She is a 1982 batch IAS officer of Madhya Pradesh cadre and is holds the post of Additional Secretary in the Department of Financial Services Ministry of Finance, GoI.

**Mr. Dinesh Kumar Jain**, aged 57 years, is appointed pursuant to Section 6(1)(e) of the NABARD Act. He is a mechanical engineering graduate and holds an MBA in business administration and holds a post graduate degree in human resource management. He is a 1983 batch IAS officer of the Maharashtra cadre holding the post of Additional Chief Secretary (Agriculture & Marketing), Agriculture & ADF Department, Government of Maharashtra.

**Mrs. Upma Chawdhry**, aged 56 years, is appointed pursuant to Section 6(1)(e) of the NABARD Act. She holds a master of arts degree in English and an masters in business administration. She is a 1983 batch IAS officer of Himachal Pradesh cadre and holds the post of Additional Chief Secretary, Agriculture, Government of Himachal Pradesh. Earlier, she served as Joint Secretary (Seeds), Ministry of Agriculture, GoI.

**Mrs. Latha Krishna Rao**, aged 57 years, is appointed pursuant to Section 6(1)(e) of the NABARD Act. She holds a post graduate degree in English literature and holds a masters degree in public administration. She is a 1982 batch IAS Officer of Karnataka cadre holding the post of Additional Chief Secretary & Development Commissioner, Government of Karnataka.

**Mr. M. Srinivas Rao**, aged 54 years is appointed pursuant to Section 6(1)(e) of the NABARD Act. He is a graduate in engineering and holds a maters in business administration. He is a 1987 batch IAS officer of Meghalaya cadre holding the post of Principal Secretary Agriculture Government of Meghalaya.

**Mr. H. R. Dave**, aged 56 years is appointed pursuant to Section 6(3) of the NABARD Act. He has done his post graduate diploma in management in 1983. Prior to assuming the charge of deputy managing director of NABARD, Mr. Dave, held various positions at NABARD, including that of director of Bankers Institute of Rural Development at Lucknow and chief general manager of corporate planning department at the head office in Mumbai. He has successfully steered NABARD’s engagements in rural development in the state of Gujarat, New Delhi and Arunachal Pradesh in the capacity of regional officer in-charge. His major contributions include (i) building a shared vision and strategies of “covering one third of India’s rural poor under ‘self-help group bank linkage programme’ through one million self help groups” which is today the largest micro finance programme in the world; (ii) designing of third party monitoring of infrastructure projects which is now recommended by planning commission of India to all state governments and (iii) innovations in rural banking such as measures for mitigation of drought in Gujarat and a scheme of financing for fencing of farm lands. He is accredited for NABARDs maiden entry in financing solar projects such as canal top solar power project in Gujarat and has represented NABARD in several international fora including micro credit summit, and also negotiated collaborations with multilateral and bi-lateral funding agencies. He is currently a director on the board of Agriculture Insurance Issuer of India Limited and NABARD Consultancy Services Limited.

**Mr. R. Amalorpavanathan**, aged 56 years, is appointed pursuant to Section 6(3) of the NABARD Act. He is the deputy managing director of NABARD. He holds a bachelors degree in agriculture and holds a post graduate diploma in management and a masters degree in development management and a degree of chartered engineer (agricultural engineering).

He has been with NABARD since 1984. He has had varied experience in the areas of project finance, banking, institutional development, training and financial management. Prior to his elevation as deputy managing director, Mr. Amalorpavanathan headed the business initiatives department at the head office in Mumbai. He has also headed Kerala Regional Office and Bankers' Institute of Rural Development, Lucknow.

#### Relationship with other Directors

No director of NABARD shares any form of relationship, association or alliance with any other director of NABARD except for professional purposes for carrying out the business of NABARD efficiently.

#### Borrowing Powers of the Board

Section 19 of the NABARD Act provides for issues relating to borrowings and empowers NABARD to (i) borrow money by way of issue and sale of bonds, debentures and other financial instruments; (ii) borrow money from the RBI, the GoI and any other authority or organisation or institution approved by the Board; (iii) accept deposits from the GoI, state governments, local authorities, state land development banks, state co-operative banks or a scheduled banks or any person or body; and (iv) receive gifts, grants, donations or benefactions from the GoI or any state government or any other source.

#### Debenture Holding of Members

None

#### Shareholding of Directors in NABARD

Since NABARD is not a company under the Companies Act, 1956 or Companies Act, 2013, there is no requirement of holding qualification shares. Additionally, there is no equity share capital in the books of NABARD. As on date of this Prospectus, no director has any contribution in the share capital of NABARD.

#### Remuneration of our Directors (Salary Structure)

| (in ₹)                    |   |   |   |   |  |                                    |
|---------------------------|---|---|---|---|--|------------------------------------|
| Name of the Members       | Fee for attending each meeting of the Board | Fee for attending each meetings the Committees of the Board | Fee for attending to any other work of NABARD | Payment for travelling and halting allowances | Any other allowance / perks made available by NABARD (per month) | Salary for Fiscal 2015 (per month) |
| Dr. Harsh Kumar Bhanwala  | Nil   | Nil   | Nil   | Actual  | 72,000   | 80,000                             |
| Dr. Satyanarayana Dash    | 20,000                                      | 10,000  | as fixed by the assignor                      | Actual  | Nil  | Nil                                |
| Mr. H. R. Khan            | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Dr. Nachiket Mor          | 20,000                                      | 10,000  | Nil   | Actual  | Nil  | Nil                                |
| Mr. S K Pattanayak        | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mrs. Snehlata Shrivastava | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mr. Dinesh Kumar Jain     | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mrs. Upma Chawdhry        | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mrs. Latha Krishna Rao    | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mr. M. Srinivas Rao       | Nil   | Nil   | Nil   | Actual  | Nil  | Nil                                |
| Mr. H. R. Dave            | Nil   | Nil   | Nil   | Actual  | 76,002   | 71,030                             |
| Mr. R. Amalorpavanathan   | Nil   | Nil   | Nil   | Actual  | 78,292   | 73,170                             |

#### Remuneration paid to our Directors (Other than Part-Time Non-Official Director)

| Name of the Members      | Total remuneration paid for Fiscal 2015 (in ₹ crore) |
|--------------------------|--|
| Dr. Harsh Kumar Bhanwala | 0.22   |
| Mr. H. R. Khan           | Nil  |

| Name of the Members       | Total remuneration paid for Fiscal 2015<br>(in ₹ crore) |
|---------------------------|---|
| Mrs. Snehlata Shrivastava | Nil   |
| Mr. Dinesh Kumar Jain     | Nil   |
| Mrs. Upma Chawdhry        | Nil   |
| Mrs. Latha Krishna Rao    | Nil   |
| Mr. M. Srinivas Rao       | Nil   |
| Mr. H. R. Dave            | 0.12  |
| Mr. R. Amalorpavanathan   | 0.12  |
| Mr. S. K. Pattanayak*     | Nil   |

\* Mr. S.K. Pattanayak was appointed on the Board after March 31, 2015.

#### Remuneration Paid to our Part-Time Non-Official Director

Pursuant to the Board resolution dated October 29, 2015 the sitting fees of part-time non-official directors of NABARD is ₹ 20,000 and ₹ 10,000 per Board meeting and per Committee meeting respectively attended.

| Name of the Director  | Sitting fee paid for Board meeting in Fiscal 2015 | Sitting fee for committee meeting in Fiscal 2015 | Total  |
|-----------------------|---|--|--------|
| Dr. Satyanaryana Dash | Nil   | Nil  | Nil    |
| Mr. Nachiket Mor      | 30,000  | Not Applicable                                   | 30,000 |

(in ₹)

#### Remuneration of our Directors from the Subsidiaries

Mr. Harsh Kumar Bhanwala is also the director on the board of directors of NABCONS, Mr. H. R. Dave is also the director on the board of directors of AFBL and NABCONS, and Mr. R. Amalorpavanathan is also the director on the board of directors of NABKISAN. They do not receive any remuneration from these Subsidiaries by virtue of being on the board of these Subsidiaries.

#### Shareholding of our Directors in the Subsidiaries

None of our Directors hold any capital contribution or equity shares in NABARD or any of its Subsidiaries, as applicable. Additionally, none of the Directors have sold or purchased any securities of NABARD or any of its Subsidiaries in the last six months.

#### Changes in our Board during the Last Three Years

The changes in the Board in the last three years are as follows:

| Sr. No | Name   | Date of Appointment | Date of Cessation  | Remarks        |
|--------|--|---------------------|--------------------|----------------|
| 1.     | Mr. Jainti Kumar Batish<br>DIN: NA<br>Designation: Part Time Non – Official Director       | May 16, 2011        | May 15, 2014       | Tenure ended   |
| 2.     | Dr. Prakash Bakshi<br>DIN: 02628945<br>Designation: Chairman                               | June 2, 2011        | September 30, 2013 | Superannuation |
| 3.     | Prof Trilochan Sastry<br>DIN: NA<br>Designation: Part Time Non – Official Director         | October 12, 2011    | July 16, 2014      | Resigned       |
| 4.     | Mr. Dipankar Gupta<br>DIN: NA<br>Designation: Director                                     | November 30, 2011   | November 29, 2014  | Tenure ended   |
| 5.     | Prof Manohar Lal Sharma<br>DIN: 03060469<br>Designation: Part Time Non – Official Director | December 19, 2011   | December 18, 2014  | Tenure ended   |

| Sr. No | Name   | Date of Appointment                                | Date of Cessation                                    | Remarks                        |
|--------|--|--|--|--------------------------------|
| 6.     | Mr. Subrahmanyam Vijay Kumar<br>DIN: NA<br>Designation: Director under Sec 6 (1) (d)           | February 1, 2012                                   | September 30, 2013                                   | Superannuation                 |
| 7.     | Mr. Ashish Bahuguna<br>DIN: NA<br>Designation: Director under Sec 6 (1) (d)                    | May 31, 2012                                       | February 28, 2015                                    | Superannuation                 |
| 8.     | Dr. A R Sihag (Himachal Pradesh)<br>DIN: NA<br>Designation: Director                           | April 9, 2013                                      | June 4, 2013   | Ceased to be director          |
| 9.     | Mr. P Kharkongor (Meghalaya)<br>DIN: NA<br>Designation: Director under Sec 6 (1) (e)           | April 9, 2013                                      | December 1, 2015                                     | Superannuation                 |
| 10.    | Mr. R D Dhiman (Himachal Pradesh)<br>DIN: NA<br>Designation: Director                          | June 4, 2013                                       | June 30, 2013  | Ceased to be director          |
| 11.    | Mr. Deepak Sanan (Himachal Pradesh)<br>DIN:02830225<br>Designation: Director                   | July 1, 2013                                       | August 7, 2014                                       | Ceased to be director          |
| 12.    | Mr. Arvind Kumar<br>DIN: NA<br>Designation: Director   | July 26, 2013                                      | June 5, 2014   | Ceased to be director          |
| 13.    | Mr. Bharat Lal Meena (Karnataka)<br>DIN: 01455649<br>Designation: Director under Sec 6 (1) (e) | July 27, 2013                                      | January 24, 2015                                     | Transfer                       |
| 14.    | Mr. Sudhir Kumar Goel (Maharashtra)<br>DIN: NA<br>Designation: Director under Sec 6 (1) (e)    | July 27, 2013                                      | June 30, 2015  | Superannuation                 |
| 15.    | Mrs. Snehlata Shrivastava<br>DIN: 06478173<br>Designation: Additional Charge of Chairman       | October 1, 2013 (as additional charge of chairman) | December 17, 2013 (as additional charge of chairman) | Regular incumbent is appointed |
| 16.    | Mr. L C Goyal<br>DIN: NA<br>Designation: Director under Sec 6 (1) (d)                          | October 1, 2013                                    | February 4, 2015                                     | Transfer                       |
| 17.    | Mr. Vineet Chawdhry (Himachal Pradesh)<br>DIN: NA<br>Designation: Director                     | August 7, 2014                                     | September 23, 2014                                   | Ceased to be director          |
| 18.    | Ms. Vandana Kumari Jena<br>DIN:<br>Designation: Director under Sec 6 (1) (d)                   | February 5, 2015                                   | February 25, 2015                                    | Ceased to be director          |
| 19.    | Mr. Dipankar Gupta<br>DIN: NA<br>Designation: Director   | February 26, 2015                                  | September 19, 2015                                   | Term ended                     |
| 20.    | Mr. Siraj Hussain<br>DIN: NA   | March 1, 2015                                      | February 1, 2016                                     | Superannuation                 |



| Sr. No | Name  | Date of Appointment | Date of Cessation | Remarks        |
|--------|---|---------------------|-------------------|----------------|
|        | Designation: Director under Sec 6 (1) (d)                       |                     |                   |                |
| 21.    | Mr. Jugal Kishore Mohapatra<br>DIN: NA<br>Designation: Director | February 26, 2015   | February 29, 2016 | Superannuation |

### Interests of our Directors

All our directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our directors may also be regarded as interested to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to the Issue, if any. Further, no relative of any of our director has been appointed to any office or place of profit in NABARD.

No director of NABARD has any interest in the appointment of the Bond Trustee to the Issue. Further, none of the directors have any interest in the promotion of NABARD. Our directors have no interest in any property acquired or proposed to be acquired by NABARD in the preceding two years of filing this Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to NABARD. No benefit / interest will accrue to our Directors out of the objects of the issue.

Further, save and except as disclosed in this Prospectus, no remuneration is payable or paid to the Directors by NABARD.

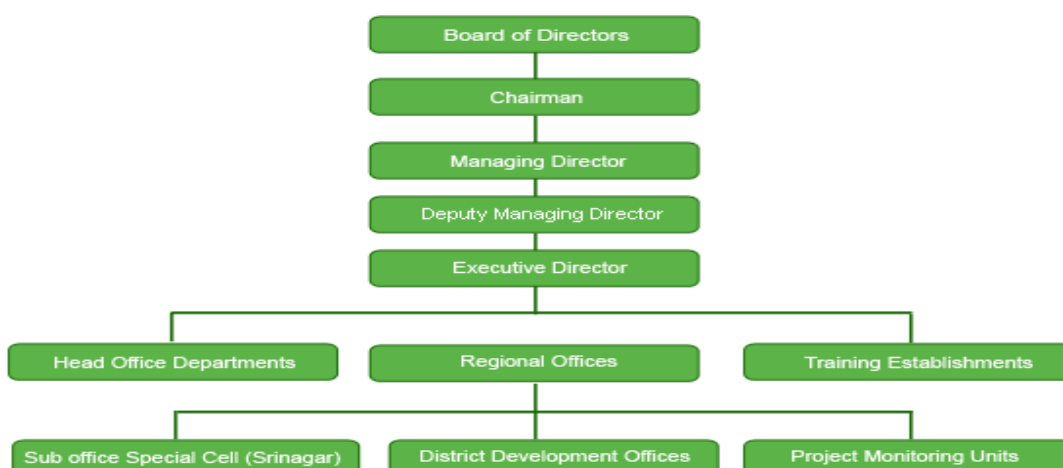
### Corporate Governance

NABARD has put in place its corporate governance policy with the approval of the Board by a resolution dated March 13, 2014.

### Committees of the Board

The Board has constituted, among others, the following committees of the Board: (i) executive committee; (ii) risk management committee; (iii) audit committee and (iv) sanction committee, in accordance with the applicable laws and the NABARD Act read with the regulations made thereunder.

### Organisational Structure



## **OUR PROMOTERS**

The Parliament, through the NABARD Act approved the setting up of NABARD. NABARD came into existence on July 12, 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation.

As of December 31, 2015, the GoI and the RBI hold 99.60% and 0.40% stake respectively.

## FINANCIAL INDEBTEDNESS

NABARD does not have any secured loan facilities. Set forth below is a brief summary of the outstanding indebtedness incurred by NABARD.

### 1. Corporate Long Term Bonds as at December 31, 2015:

#### a) Non- Priority Sector Bonds (“NPSBs”)

These bonds are unsecured and are rated as “CRISIL AAA / Stable”.

| Sr. No. | Bond Series                  | Tenor                            | Coupon | Date of Allotment  | Redemption on Date / Schedule | Outstanding Amount (In ₹ crore) |
|---------|------------------------------|----------------------------------|--------|--------------------|-------------------------------|---------------------------------|
| 1.      | 7.60% 2016 - VIII E          | 10 years                         | 7.60%  | January 14, 2006   | January 14, 2016              | 309                             |
| 2.      | 8.45% 2016 - VIII A          | 10 years                         | 8.45%  | May 18, 2006       | May 18, 2016                  | 388                             |
| 3.      | 8.60% 2016 - VIII D          | 10 years                         | 8.60%  | June 7, 2006       | June 7, 2016                  | 1,500                           |
| 4.      | 9.20% 2017 - VIII L          | 10 years                         | 9.20%  | February 12, 2007  | February 12, 2017             | 500                             |
| 5.      | 9.90% 2017 - VIII V          | 10 years                         | 9.90%  | March 30, 2007     | March 30, 2017                | 1,100                           |
| 6.      | 8.95% 2016 - XI I            | 5 years                          | 8.95%  | January 4, 2011    | January 4, 2016               | 500                             |
| 7.      | 9.12% 2016 - XI K            | 5 years                          | 9.12%  | February 10, 2011  | February 10, 2016             | 500                             |
| 8.      | 9.70% 2016 - XII D           | 5 years                          | 9.70%  | June 06, 2011      | June 06, 2016                 | 625                             |
| 9.      | 9.40% 2016 - XII I           | 5 years                          | 9.40%  | July 19, 2011      | July 19, 2016                 | 500                             |
| 10.     | 9.40% 2016 - XII L           | 5 years                          | 9.40%  | September 13, 2011 | September 13, 2016            | 500                             |
| 11.     | 9.40% 2016 - XII M           | 5 years                          | 9.40%  | September 14, 2011 | September 14, 2016            | 300                             |
| 12.     | 9.18% 2017 - XII AB          | 5 years                          | 9.18%  | February 7, 2012   | February 7, 2017              | 620                             |
| 13.     | 9.35% 2016 - XII AD          | 4 years                          | 9.35%  | February 15, 2012  | January 29, 2016              | 650                             |
| 14.     | 9.4% 2017 - XIII B           | 5 years                          | 9.40%  | May 24, 2012       | May 24, 2017                  | 440                             |
| 15.     | 9.33% 2017 - XIII D          | 5 years                          | 9.33%  | June 12, 2012      | June 12, 2017                 | 894                             |
| 16.     | 9.40% 2016 - XIII E          | 4 year 48 days                   | 9.40%  | June 14, 2012      | August 01, 2016               | 1,200                           |
| 17.     | 9.28% 2015 - XIII I          | 5 years                          | 9.28%  | July 11, 2012      | July 11, 2017                 | 1,000                           |
| 18.     | 8.65% 2016 - XIII T          | 3 years                          | 8.65%  | January 28, 2013   | January 28, 2016              | 70                              |
| 19.     | 8.79% 2018 - XIII V          | 5 years 1 day                    | 8.79%  | February 18, 2013  | February 19, 2018             | 500                             |
| 20.     | 9.10% 2016 - XIII Y          | 3 years                          | 9.10%  | March 1, 2013      | March 1, 2016                 | 40                              |
| 21.     | 8.95% 2016 - XIII Z          | 3 years                          | 8.95%  | March 7, 2013      | March 7, 2016                 | 2,000                           |
| 22.     | 8.37% NABARD 2018 Series 15B | 3 years 1 year put / call option | 8.37%  | January 15, 2015   | January 15, 2018              | 2,000                           |
| 23.     | 8.18% NABARD                 | 5 years                          | 8.18%  | February 10, 2015  | February 10, 2020             | 1,900                           |

| Sr. No. | Bond Series                   | Tenor   | Coupon | Date of Allotment | Redemption on Date / Schedule                                | Outstanding Amount (In ₹ crore) |
|---------|-------------------------------|---|--------|-------------------|--|---------------------------------|
|         | 2020 Series 15 C              |   |        |                   |  |                                 |
| 24.     | 8.22% NABARD 2020 Series 15 D | 5 years with 3 years and 2 day Put option   | 8.22%  | February 18, 2015 | February 18, 2020  | 1,000                           |
| 25.     | 8.19% NABARD 2018 Series 15 E | 3 years 3 months and 9 days   | 8.19%  | February 27, 2015 | June 8, 2018   | 615                             |
| 26.     | 8.15% NABARD 2020 Series 15 F | 5 years with 3 years and 2 months put option  | 8.15%  | March 4, 2015     | March 4, 2020  | 700                             |
| 27.     | 8.20% NABARD 2020 Series 15 G | 5 years   | 8.20%  | March 13, 2015    | March 13, 2020   | 285                             |
| 28.     | 8.25% NABARD 2018 Series 15 H | 3 years 65 days   | 8.25%  | March 20, 2015    | May 24, 2018   | 1,350                           |
| 29.     | 8.29% NABARD 2018 Series 16 A | 3 years with 15 months put option   | 8.29%  | June 10, 2015     | June 11, 2018  | 2,000                           |
| 30.     | 8.30% NABARD 2018 Series 16 B | 3 years   | 8.30%  | June 12, 2015     | June 12, 2018  | 200 plus green shoe option      |
| 31.     | 8.37% NABARD 2020 Series 16C  | 5 years   | 8.37%  | June 22, 2015     | June 22, 2020  | 2,000                           |
| 32.     | 7.80% NABARD 2018 Series 16 D | 3 years with 2 year put and call (put and call exercisable on October 12, 2017)           | 7.80%  | October 12, 2015  | October 12, 2018   | 1,000                           |
| 33.     | 7.60% NABARD 2018 Series 16E  | 3 years with 1 year and 1 day put and call (put and call exercisable on October 20, 2016) | 7.60%  | October 19, 2015  | October 19, 2018 (with 1 year and 1 day put and call option) | 275                             |
| 34.     | 7.90% NABARD 2018 Series 16 F | 3 years   | 7.90%  | November 27, 2015 | November 27, 2018  | 630                             |
| 35.     | 7.86% NABARD 2018 Series 16G  | 3 years   | 7.86%  | December 7, 2015  | December 7, 2018   | 200                             |

The funds raised through the issuance of these bonds are used for funding loans and advances to eligible institutions, exclusively for financing agriculture/allied activities and non-farm sector under various sections of NABARD Act.

**b) Bhavishya Nirman Bond**

Bhavishya Nirman Bonds are unsecured, non –convertible, taxable bonds issued by NABARD for the purpose of exclusively financing agriculture and allied activities and non – farm sector under Section

25(1)(a) of the NABARD Act. Bhavishya Nirman Bonds are rated by CRISIL and CARE as “AAA/ Stable”.

| Sr. No. | Bond Description                       | Tenor in years | Coupon | Date of Allotment | Maturity Date      | Outstanding Amount (In ₹ crore) |
|---------|--|----------------|--------|-------------------|--------------------|---------------------------------|
| 1.      | NABARD BNB March 17 (INE261F09CY8)     | 10             | N.A.   | March 1, 2007     | March 1, 2017      | 1.58                            |
| 2.      | NABARD BNB April 17 (INE261F09DB4)     | 10             | N.A.   | April 1, 2007     | April 1, 2017      | 2.41                            |
| 3.      | NABARD BNB May 17 (INE261F09DD0)       | 10             | N.A.   | May 1, 2007       | May 1, 2017        | 2.30                            |
| 4.      | NABARD BNB June 17 (INE261F09DE8)      | 10             | N.A.   | June 1, 2007      | June 1, 2017       | 1.55                            |
| 5.      | NABARD BNB July 17 (INE261F09DH1)      | 10             | N.A.   | July 1, 2007      | July 1, 2017       | 6.03                            |
| 6.      | NABARD BNB July 17 (INE261F09DI9)      | 10             | N.A.   | July 1, 2007      | July 1, 2017       | 11.09                           |
| 7.      | NABARD BNB August 17 (INE261F09DL3)    | 10             | N.A.   | August 1, 2007    | August 1, 2017     | 49.16                           |
| 8.      | NABARD BNB August 17 (INE261F09DM1)    | 10             | N.A.   | August 1, 2007    | August 1, 2017     | 527.59                          |
| 9.      | NABARD BNB August 17 (INE261F09DO7)    | 10             | N.A.   | September 1, 2007 | August 31, 2017    | 54.88                           |
| 10.     | NABARD BNB September 17 (INE261F09DP4) | 10             | N.A.   | September 1, 2007 | September 1, 2017  | 22.02                           |
| 11.     | NABARD BNB September 17 (INE261F09DR0) | 10             | N.A.   | October 1, 2007   | September 30, 2017 | 20.97                           |
| 12.     | NABARD BNB October 17 (INE261F09DS8)   | 10             | N.A.   | October 1, 2007   | October 1, 2017    | 26.08                           |
| 13.     | NABARD BNB November 17 (INE261F09DU4)  | 10             | N.A.   | November 1, 2007  | November 1, 2017   | 34.38                           |
| 14.     | NABARD BNB November 17 (INE261F09DV2)  | 10             | N.A.   | November 1, 2007  | November 1, 2017   | 68.10                           |
| 15.     | NABARD BNB December 17 (INE261F09DW0)  | 10             | N.A.   | December 1, 2007  | December 1, 2017   | 35.54                           |
| 16.     | NABARD BNB December 17 (INE261F09DX8)  | 10             | N.A.   | December 1, 2007  | December 1, 2017   | 46.84                           |
| 17.     | NABARD BNB January 17 (INE261F09DZ3)   | 10             | N.A.   | January 1, 2008   | January 1, 2018    | 47.08                           |
| 18.     | NABARD BNB January 18 (INE261F09DY6)   | 10             | N.A.   | January 1, 2008   | January 1, 2018    | 497.47                          |
| 19.     | NABARD BNB February 18 (INE261F09EB2)  | 10             | N.A.   | February 1, 2008  | February 1, 2018   | 15.99                           |
| 20.     | NABARD BNB February 18 (INE261F09ED8)  | 10             | N.A.   | February 1, 2008  | February 1, 2018   | 24.23                           |
| 21.     | NABARD BNB February 18 (INE261F09EA4)  | 10             | N.A.   | February 1, 2008  | February 1, 2018   | 50.94                           |
| 22.     | NABARD BNB February 18 (INE261F09EC0)  | 10             | N.A.   | February 1, 2008  | February 1, 2018   | 90.69                           |
| 23.     | NABARD BNB March 18 (INE261F09EF3)     | 10             | N.A.   | March 1, 2008     | March 1, 2018      | 32.19                           |
| 24.     | NABARD BNB March 18 (INE261F09EE6)     | 10             | N.A.   | March 1, 2008     | March 1, 2018      | 63.65                           |
| 25.     | NABARD BNB April 18 (INE261F09EI7)     | 10             | N.A.   | April 1, 2008     | April 1, 2018      | 33.57                           |
| 26.     | NABARD BNB April 18 (INE261F09EH9)     | 10             | N.A.   | April 1, 2008     | April 1, 2018      | 21.04                           |
| 27.     | NABARD BNB May 18 (INE261F09EL1)       | 10             | N.A.   | May 1, 2008       | May 1, 2018        | 13.25                           |
| 28.     | NABARD BNB May 18                      | 10             | N.A.   | May 1, 2008       | May 1, 2018        | 14.52                           |

| Sr. No. | Bond Description                       | Tenor in years | Coupon | Date of Allotment | Maturity Date     | Outstanding Amount (In ₹ crore) |
|---------|--|----------------|--------|-------------------|-------------------|---------------------------------|
|         | (INE261F09EK3)                         |                |        |                   |                   |                                 |
| 29.     | NABARD BNB June 18 (INE261F09EO5)      | 10             | N.A.   | June 1, 2008      | June 1, 2018      | 34.37                           |
| 30.     | NABARD BNB June 18 (INE261F09EN7)      | 10             | N.A.   | June 1, 2008      | June 1, 2018      | 12.99                           |
| 31.     | NABARD BNB July 18 (INE261F09EP2)      | 10             | N.A.   | July 1, 2008      | July 1, 2018      | 19.66                           |
| 32.     | NABARD BNB July 18 (INE261F09EP2)      | 10             | N.A.   | July 1, 2008      | July 1, 2018      | 3.00                            |
| 33.     | NABARD BNB August 18 (INE261F09EQ0)    | 10             | N.A.   | August 1, 2008    | August 1, 2018    | 13.89                           |
| 34.     | NABARD BNB September 18 (INE261F09ES6) | 10             | N.A.   | September 1, 2008 | September 1, 2018 | 13.84                           |
| 35.     | NABARD BNB September 18 (INE261F09ES6) | 10             | N.A.   | September 1, 2008 | September 1, 2018 | 3.00                            |
| 36.     | NABARD BNB October 18 (INE261F09ET4)   | 10             | N.A.   | October 1, 2008   | October 1, 2018   | 19.69                           |
| 37.     | NABARD BNB October 18 (INE261F09ET4)   | 10             | N.A.   | October 1, 2008   | October 1, 2018   | 3.00                            |
| 38.     | NABARD BNB November 18 (INE261F09EU2)  | 10             | N.A.   | November 1, 2008  | November 1, 2018  | 21.04                           |
| 39.     | NABARD BNB November 18 (INE261F09EU2)  | 10             | N.A.   | November 1, 2008  | November 1, 2018  | 9.01                            |
| 40.     | NABARD BNB November 18 (INE261F09EV0)  | 10             | N.A.   | December 1, 2008  | November 30, 2018 | 26.26                           |
| 41.     | NABARD BNB November 18 (INE261F09EV0)  | 10             | N.A.   | December 1, 2008  | November 30, 2018 | 18.11                           |
| 42.     | NABARD BNB January 19 (INE261F09EW8)   | 10             | N.A.   | January 1, 2009   | January 1, 2019   | 63.38                           |
| 43.     | NABARD BNB January 19 (INE261F09EW8)   | 10             | N.A.   | January 1, 2009   | January 1, 2019   | 1,606.31                        |
| 44.     | NABARD BNB February 19 (INE261F09EX6)  | 10             | N.A.   | February 1, 2009  | February 1, 2019  | 191.85                          |
| 45.     | NABARD BNB February 19 (INE261F09EX6)  | 10             | N.A.   | February 1, 2009  | February 1, 2019  | 135.26                          |
| 46.     | NABARD BNB March 19 (INE261F09EY4)     | 10             | N.A.   | March 1, 2009     | March 1, 2019     | 152.10                          |
| 47.     | NABARD BNB March 19 (INE261F09EZ1)     | 10             | N.A.   | March 31, 2009    | March 31, 2019    | 392.17                          |
| 48.     | NABARD BNB April 20 (INE261F09FC7)     | 10             | N.A.   | April 1, 2010     | April 1, 2020     | 15.63                           |
| 49.     | NABARD BNB June 20 (INE261F09FF0)      | 10             | N.A.   | June 1, 2010      | June 1, 2020      | 18.93                           |
| 50.     | NABARD BNB June 20 (INE261F09FF0)      | 10             | N.A.   | June 1, 2010      | June 1, 2020      | 10.00                           |
| 51.     | NABARD BNB July 20 (INE261F09FG8)      | 10             | N.A.   | July 1, 2010      | July 1, 2020      | 5.10                            |
| 52.     | NABARD BNB July 20 (INE261F09FG8)      | 10             | N.A.   | July 1, 2010      | July 1, 2020      | 17.54                           |
| 53.     | NABARD BNB August 20 (INE261F09FJ2)    | 10             | N.A.   | August 1, 2010    | August 1, 2020    | 14.48                           |
| 54.     | NABARD BNB August 20 (INE261F09FJ2)    | 10             | N.A.   | August 1, 2010    | August 1, 2020    | 44.86                           |
| 55.     | NABARD BNB September 20 (INE261F09FK0) | 10             | N.A.   | September 1, 2010 | September 1, 2020 | 6.62                            |
| 56.     | NABARD BNB September 20 (INE261F09FK0) | 10             | N.A.   | September 1, 2010 | September 1, 2020 | 6.00                            |
| 57.     | NABARD BNB September                   | 10             | N.A.   | September 1,      | September 1,      | 5.05                            |

| Sr. No. | Bond Description                      | Tenor in years | Coupon | Date of Allotment | Maturity Date    | Outstanding Amount (In ₹ crore) |
|---------|---------------------------------------|----------------|--------|-------------------|------------------|---------------------------------|
|         | 20 (INE261F09FK0)                     |                |        | 2010              | 2020             |                                 |
| 58.     | NABARD BNB October 20 (INE261F09FL8)  | 10             | N.A.   | October 1, 2010   | October 1, 2020  | 11.34                           |
| 59.     | NABARD BNB October 20 (INE261F09FL8)  | 10             | N.A.   | October 1, 2010   | October 1, 2020  | 20.89                           |
| 60.     | NABARD BNB November 20 (INE261F09FN4) | 10             | N.A.   | November 1, 2010  | November 1, 2020 | 76.22                           |
| 61.     | NABARD BNB November 20 (INE261F09FN4) | 10             | N.A.   | November 1, 2010  | November 1, 2020 | 48.37                           |
| 62.     | NABARD BNB December 20 (INE261F09FQ7) | 10             | N.A.   | December 1, 2010  | December 1, 2020 | 49.38                           |
| 63.     | NABARD BNB December 20 (INE261F09FQ7) | 10             | N.A.   | December 1, 2010  | December 1, 2020 | 5.00                            |
| 64.     | NABARD BNB January 21 (INE261F09FS3)  | 10             | N.A.   | January 1, 2011   | January 1, 2021  | 10.00                           |
| 65.     | NABARD BNB January 21 (INE261F09FS3)  | 10             | N.A.   | January 1, 2011   | January 1, 2021  | 8.80                            |
| 66.     | NABARD BNB February 21 (INE261F09FX3) | 10             | N.A.   | February 1, 2011  | February 1, 2021 | 4.81                            |
| 67.     | NABARD BNB March 21 (INE261F09GA9)    | 10             | N.A.   | March 1, 2011     | March 1, 2021    | 8.12                            |
| 68.     | NABARD BNB March 21 (INE261F09GC5)    | 10             | N.A.   | March 31, 2011    | March 31, 2021   | 29.99                           |
| 69.     | NABARD BNB March 21 (INE261F09GC5)    | 10             | N.A.   | March 31, 2011    | March 31, 2021   | 3.92                            |

The funds raised through Bhavishya Nirman Bonds have been used exclusively for the purpose financing agriculture and allied activities and non-farm sector under Section 25(1)(a) of the NABARD Act (making loans and advances to State land development bank or a state cooperative bank or a schedule bank or any other financial institution (approved by RBI).

## 2. Capital Gain Tax Bonds as at December 31, 2015

There is no outstanding amount under capital gains bonds and there is an unclaimed amount of ₹ 1.29 crore since FY 2013-14.

## 3. GoI Borrowings as at December 31, 2015

NABARD availed a rupee loan facility from GoI and the brief summary is given below.

| Sr. No | Name of Lender | Type of Facility | Amount Sanctioned and Outstanding (In ₹ crore) | Tenor in years | Interest Rate (%) | Repayment Date / Schedule      |
|--------|----------------|------------------|--|----------------|-------------------|--------------------------------|
| 1.     | GoI            | Rupee Term Loan  | 2.28   | 15             | 7                 | 15 years from July 17, 2001    |
| 2.     | GoI            | Rupee Term Loan  | 5.00   | 15             | 7                 | 15 years from October 27, 2001 |
| 3.     | GoI            | Rupee Term Loan  | 4.97   | 15             | 7                 | 15 years from January 18, 2002 |

## 4. Foreign Currency Loans as at December 31, 2015

NABARD has utilised a foreign currency loan from Kreditanstalt für Wiederaufbau Main ("KW").

| Sr. No | Name of Lender | Type of Facility    | Amount Sanctioned (in Euros (€)) | Outstanding Amount (in ₹ crore*) | Tenor in years | Interest Rate (%) | Repayment Date / Schedule          |
|--------|----------------|---------------------|----------------------------------|----------------------------------|----------------|-------------------|------------------------------------|
| 1      | KfW - Germany  | NFS Program - NB VI | 15,338,756.44                    | 82.46                            | 40             | 6.10              | 60 installments from June 30, 2005 |

| Sr. No | Name of Lender | Type of Facility                          | Amount Sanctioned (in Euro (€)) | Outstanding Amount (in ₹ crore*) | Tenor in years | Interest Rate (%) | Repayment Date / Schedule              |
|--------|----------------|---|---------------------------------|----------------------------------|----------------|-------------------|--|
| 2      |                | Minor Irrigation Credit Program - NB VII  | 1,789,525.84                    | 112.10                           | 40             | 9.00              | 60 installments from June 30, 2008     |
| 3      |                | NFS Program - NB VIII                     | 25,564,594.06                   | 148.30                           | 40             | 6.10              | 60 installments from June 30, 2006     |
| 4      |                | RNFS Program - NB-X - NFS                 | 40,000,000                      | 45.11                            | 10             | 2.00              | 15 installments from June 30, 2010     |
| 5      |                | UPNRM Program - NB UPNRM                  | 15,000,000                      | 94.09                            | 30             | 0.75              | 61 installments from December 30, 2019 |
| 6      |                | UPNRM - II Comp 1 - UPNRM -II COMP 1(IDA) | 10,000,000                      | 75.94                            | 40             | 0.75              | 23 installments from June 30, 2023     |
| 7      |                | UPNRM - II Comp 2 - UPNRM -II COMP 2(RIL) | 42,000,000                      | 152.25                           | 12             | 1.74              | 14 installments from June 30, 2018     |

\* The borrowings are hedged on different dates at different rates.

NABARD has an option to prepay under the term loan agreements executed with KW. As on December 31, 2015, the aforementioned loan availed by NABARD has not been subject to re-scheduling or penalty.

**5. Corporate Guarantee issued by NABARD as at December 31, 2015**

Not Applicable

**6. Commercial Paper as at December 31, 2015**

Commercial papers are rated as "A1+" by CRISIL. Below is the brief summary of the borrowings through commercial papers issued by NABARD and the amount outstanding as at December 31, 2015.

| Sr. No. | Description    | Tenor in days | Interest / yield rate (%) | Date of Allotment | Redemption on Date / Schedule | Outstanding Amount (In ₹ crore) |
|---------|----------------|---------------|---------------------------|-------------------|-------------------------------|---------------------------------|
| 1       | CP Series 7 AC | 364           | 8.59                      | March 17, 2015    | March 15, 2016                | 1,842.19                        |
| 2       | CP Series 7 AD | 362           | 8.54                      | March 18, 2015    | March 14, 2016                | 576.19                          |
| 3       | CP Series 8 K  | 241           | 8.10                      | July 3, 2015      | February 29, 2016             | 617                             |
| 4       | CP Series 8 Q  | 150           | 7.35                      | October 20, 2015  | March 18, 2016                | 1,140.55                        |
| 5       | CP Series 8 R  | 149           | 7.35                      | October 21, 2015  | March 18, 2016                | 1,189.31                        |
| 6       | CP Series 8 S  | 98            | 7.30                      | October 23, 2015  | January 29, 2016              | 1,127.89                        |
| 7       | CP Series 8 V  | 91            | 7.33                      | October 30, 2015  | January 29, 2016              | 491.02                          |
| 8       | CP Series 8 W  | 91            | 7.35                      | November 9, 2015  | February 8, 2016              | 1,227.5                         |
| 9       | CP Series 8 X  | 81            | 7.35                      | November 9, 2015  | January 29, 2016              | 1,116.78                        |
| 10      | CP Series 8 Y  | 90            | 7.35                      | November 10, 2015 | February 8, 2016              | 1,458.56                        |
| 11      | CP Series 8 Z  | 67            | 7.30                      | November 23, 2015 | January 29, 2016              | 345.37                          |
| 12      | CP Series 8 AA | 90            | 7.33                      | November 26, 2015 | February 24, 2016             | 1,571.59                        |
| 13      | CP Series 8 AB | 64            | 7.30                      | November 26, 2015 | January 29, 2016              | 493.68                          |
| 14      | CP Series 8    | 90            | 7.35                      | December 03,      | March 2, 2016                 | 785.76                          |



| Sr. No. | Description    | Tenor in days | Interest / yield rate (%) | Date of Allotment | Redemption on Date / Schedule | Outstanding Amount (In ₹ crore) |
|---------|----------------|---------------|---------------------------|-------------------|-------------------------------|---------------------------------|
|         | AC             |               |                           | 2015              |                               |                                 |
| 15      | CP Series 8 AD | 91            | 7.35                      | December 08, 2015 | March 8, 2016                 | 1,964.01                        |
| 16      | CP Series 8 AE | 63            | 7.40                      | December 22, 2015 | February 23, 2016             | 444.32                          |

The borrowings through commercial papers are done to meet the requirement of day to day business operation.

7. ***Borrowings through Certificate of Deposits as at December 31, 2015***

NIL

8. ***Details of the rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as at December 31, 2015.***

Below is the brief summary of the money borrowed under various schemes as unsecured unrated deposits:

| Sl. No. | Scheme Name           | Name           | Type of Facility                  | Amount Sanctioned in FY 2015-16 (In ₹ crore) | Outstanding Amount (In ₹ crore) | Repayment Date / Schedule in years         |
|---------|-----------------------|----------------|-----------------------------------|--|---------------------------------|--|
| 1.      | RIDF                  | 54 depositors  | Scheme                            | 25,000                                       | 92,298.38                       | 7  |
| 2.      | STCRC                 | 51 depositors  | Scheme                            | 54,000                                       | 45,750.51                       | 1  |
| 3.      | STRRB                 | 50 depositors  | Scheme                            | 16,000                                       | 29,996.59                       | 1  |
| 4.      | LTRCF                 | 46 depositors  | Scheme                            | 15,000                                       | 18,993.58                       | 5  |
| 5.      | WIF                   | 46 depositors  | Scheme                            | Nil  | 1,550                           | Nil  |
| 6.      | Food Park             | 42 depositors  | Scheme                            | Nil  | 100                             | Nil  |
| 7.      | Tea/ Coffee / Rubber  | Various        | Scheme                            | Sanctioned as per individual sanction letter | 286.52                          | On various dates – as contracted           |
| 8.      | Term Money Borrowings | 101 Depositors | 3 to 6 month term money borrowing | Sanctioned as per individual sanction letter | 1,421.89                        | Repayable on various dates – as contracted |

9. ***Details of all default(s) in payments and/or delay of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past five years***

- The promoters / Directors of NABARD have not given any personal guarantees for collaterally securing any borrowings.
- NABARD has neither defaulted and/or delay nor sought any roll-over (not permissible) on any of its previous borrowings including the above-mentioned borrowings.
- NABARD has a consistent record of paying principal and interest on all loans, bonds and deposits on due dates. There has been no default in servicing of debt.

**10. Details of any outstanding borrowing taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option**

None

## SECTION V-LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*In the ordinary course of our business, NABARD and its Subsidiaries are involved in legal, regulatory, arbitral and claims at various levels of adjudication, including civil suits, recovery proceedings, tax proceedings, employment related disputes, property related disputes and certain other proceedings where NABARD has been made proforma party. Save and except as disclosed below, there are no:*

- *pending material regulatory proceeding against NABARD or its Subsidiaries;*
- *pending tax litigations resulting in material liabilities on NABARD or its Subsidiaries;*
- *pending litigation involving NABARD, its Subsidiaries, its Directors or any other person, whose outcome could have material adverse effect on the position of NABARD;*
- *pending proceedings against NABARD or its Subsidiaries for economic offences;*
- *any defaults and non-payment of statutory dues by NABARD or its Subsidiaries; or*
- *material frauds committed in the last five years against NABARD or its Subsidiaries.*

*The term “material” used herein means:*

- *Any legal proceeding which may have any impact on the current or future revenues of NABARD, whether individually or in aggregate (if matters are of similar nature), where the amount involved in such proceedings is ₹10 crore or above; or*
- *Where such legal proceedings individually or in the aggregate is likely to materially disrupt and/or adversely impact the operations and/or profitability of NABARD.*

### LITIGATIONS INVOLVING NABARD

#### ***Proceedings in Relation to Projects Co-financed by NABARD***

1. NABARD has not been repaid ₹10.57 crore plus interest in relation to loans utilized by Satnam Agro Products Limited and others (“**Satnam**”). NABARD was not a co-applicant to the original application nos. 413 of 2011 and 161 of 2012 filed by State Bank of India and Indian Overseas Bank, respectively, before the Debt Recovery Tribunal, Chandigarh. Consequently NABARD has filed original application before the Debt Recovery Tribunal, Chandigarh against the Defendants with State Bank of India and Indian Overseas Bank as proforma party seeking repayment of loans. NABARD filed SARFAESI application no. 180 of 2011 before the Debt Recovery Tribunal, Chandigarh, after the direction was given to NABARD and others to take recovery action under SARFAESI Act. Satnam then filed an appeal M. A. no. 637 of 2012 before the Debt Recovery Appellate Tribunal, Delhi challenging the interim order. An application has also been filed by Mrs. Sarupinder Kaur, being a third party (claiming to be the co-owner of the one of the securities) against the recovery action taken by the NABARD and others. The matter is currently pending.
2. NABARD, State Bank of India and Punjab National Bank jointly filed original application before the Debt Recovery Tribunal, Pune against Harneswar Agro Products (“**Agro**”) seeking recovery of ₹17.21 crore plus interest in relation to a project loan utilized by Agro for its project. Under application no. 43 of 2012, Lokmangal Multistate Co-operative Society, being a third party, claims to have a second charge on one of the securities and has made an application under section 17 of the SARFAESI Act as an aggrieved party in relation to recovery proceedings by NABARD, State Bank of India and Punjab National Bank. The matter is currently pending.
3. NABARD is affected by not being as co-applicant to the original application no. 200 of 2010 before the Debt Recovery Tribunal filed by United Bank of India (“**Proforma Respondent**”) has filed original application no. 7 of 2012 before the Debt Recovery Tribunal, Kolkata against Mansi Oils (“**Defendant 1**”) and Oriental Insurance Company Limited (“**Defendant 2**”) and United Bank of India seeking recovery of ₹13.56 crore plus interest from Defendant 1 and ₹17.15 lakh plus interest from Defendant 2. Pursuant to the interim order passed, the Defendant 1 filed a SARFAESI application no. 178 of 2012 before the Debt Recovery Tribunal, Kolkata challenging the recovery action taken by NABARD and United Bank of India. Last date of hearing was January 18, 2016. The matter is currently pending.

### ***Property Related Proceedings***

1. NABARD entered into an agreement dated December 12, 1982 and supplementary agreement dated July 24, 1985 with Shah Thakur & Sons (“STS”) for purchase of 532 flats in Kandivli, Mumbai. The builder failed to hand over the possession in March 1987. Thereafter, NABARD filed suit no. 1495 of 1989 before the Bombay High Court for specific performance. The builder handed over the possession of all the 532 flats in 1991. STS filed special leave petition before Supreme Court for expediting the proceedings before the Bombay High Court for resolving the payments issues regarding purchase of flats. The SLP came up for hearing on December 17, 2013. A consensus was arrived on directions of the Supreme Court of India and NABARD and STS signed consent terms on February 26, 2015 which were submitted to the Supreme Court of India. Supreme Court of India vide order dated March 16, 2015 disposed of the SLP in terms of the consent terms, jointly executed by the parties on February 26, 2015. STS as builder and NABARD signed and executed the conveyance deed for the property which has been registered in the name of NABARD on April 27, 2015. The filing of the consent terms before the High Court of Bombay is pending. NABARD has valued the suit at ` 19.19 crore plus interest thereon whereas the settlement amount under the consent terms is ` 1.52 crores. The matter is currently pending before the Bombay High Court for filing the consent terms and for withdrawal of the suit.

### ***Tax Proceedings***

2. The tax liability of NABARD for the assessment year 2002-2003 amounting to ₹373.15 crore was assessed by the Income tax Department. NABARD has paid the said amount. However, NABARD has filed an appeal no. 4589 / MUM / 2007 against the order of the Commissioner of Income Tax appeals with the Income Tax Appellate Tribunal. The matter is currently pending.
3. Income Tax Department has reopened the assessment for the assessment year 2006-2007, during the financial year 2011-2012. An amount of ₹343.21 crore has been added to the income of the NABARD during the reassessment of the income. Out of the above mentioned amount: an addition of ₹132.08 crore has been made on account of differential interest accounted under the Rural Infrastructure Development Fund which was credited to Watershed Development Fund in terms of the RBI directions; and further, an amount of ₹211.13 crore has been added to the income on other counts raising a total demand of ₹254.21 crore. NABARD has paid an amount of ₹108.60 crore out of the total demand of ₹254.22 crore by way of adjustment of refund of taxes of previous years and also filed a rectification application and subsequently the claim has been reduced to ₹103.82 crore. NABARD has preferred and appeal no. IT / 479 / 2014-2015 against the Income tax Department demand and has obtained a stay on the same from Deputy Commissioner of Income Tax. The amount of liability which is challenged in the appeal is ₹103.82 crore. The matter is currently pending.
4. During the reassessment of the income for the assessment year 2007-2008 (reopened during 2011-2012) an additional tax liability of ₹157.47 crore was assessed on account of differential interest accounted under the Rural Infrastructure Development Fund / Short Term Co-operative Refinance Credit. NABARD has provided and paid the said liability. However, NABARD has filed an appeal no. IT-155 / 2014-2015 against the above mentioned order with Commissioner of Income Tax appeals. The matter is currently pending.
5. Income tax Department has reopened the assessment for the assessment year 2008-2009 during the financial year 2012-2013. An amount of ₹349.42 crore has been added to the income of NABARD during the re-assessment of the income. The addition has been made on account of differential interest accounted under the Rural Infrastructure Development Fund which was credited to Tribal Development Fund in terms of the RBI directions. NABARD has provided and paid the said liability. NABARD has filed an appeal no. IT-197 / 2014-2015 against the above mentioned order with Commissioner of Income Tax appeals. The amount of liability which is challenged in the appeal is ₹174.59 crore. The matter is currently pending.
6. Income tax Department has reopened the assessment for the assessment year 2009-2010 during the financial year 2012-2013. An amount of ₹527.52 crore has been added to the income of NABARD during the re-assessment of the income on account of differential interest accounted under the Rural Infrastructure Development Fund which was credited to Watershed Development Fund in terms of the RBI directions. NABARD has provided and paid the said liability. NABARD has filed an appeal no. IT-198 / 2014-2015 against the above mentioned order with Commissioner of Income Tax appeals. The amount of liability which is challenged in the appeal is ₹256.90 crore. The matter is currently pending.
7. During the assessment of the income for the assessment year 2010-2011, a tax liability of ₹313.07 crore was assessed on account of differential interest accounted under the Rural Infrastructure Development Fund / Short Term Co-operative Refinance Credit and others. NABARD has filed an appeal no. IT-150 / 2014-2015 against the above mentioned order with Commissioner of Income Tax appeals. The matter is currently pending.

8. During the assessment of the income for the assessment year 2011-2012, a tax liability of ₹424.95 crore was assessed on account of differential interest accounted under the Rural Infrastructure Development Fund / Short Term Co-operative Refinance Credit and others. NABARD has filed an appeal no IT-185 / 2014-2015 against the above mentioned order with Commissioner of Income Tax appeals. The matter is currently pending.
9. Income Tax Department for the assessment year 2012-2013 has made an addition of ₹1,148.58 crore on account on account of differential interest accounted under the Rural Infrastructure Development Fund / Short Term Co-operative Refinance Credit which was credited to Tribal Development Fund in terms of the RBI directions and on account of disallowance of expenditure on promotional activities and other disallowances. NABARD has provided and paid the said liability. NABARD has filed an appeal against the above mentioned order with Commissioner of Income Tax appeals. The amount of liability which is challenged in the appeal is ₹487.30 crore. The matter is currently pending.
10. Income Tax Department has preferred and appeal no. ITA / 4964 / MUM / 2014 against the Commissioner of Income Tax appeal against the allowance of development expenditure given to NABARD for assessment year 2004-2005. The amount of liability involved in the said appeal is ` 6.71 crores whereas if the Income Tax department succeed in the appeal then the current liability would be approx ` 10.00 crore, which is inclusive of interest till date. The matter is currently pending.

## MATERIAL DEVELOPMENTS

The following are the material developments of NABARD after March 31, 2015, i.e., the date of the last audited financial statements of NABARD.

1. In addition to the NPSBs listed in the section titled “**Financial Indebtedness – Non Priority Sector Bonds**” on page 89 of this Prospectus, NABARD has issued the following NPSBs post March 31, 2015. These bonds are unsecured and are rated as “CRISIL AAA / Stable”.

| Bond Series                  | Tenor   | Coupon | Date of Allotment | Redemption on Date / Schedule | Outstanding Amount (In ₹ crore) |
|------------------------------|---|--------|-------------------|-------------------------------|---------------------------------|
| 8.05% NABARD 2019 Series 16H | 3 years with 1 year and 70 days put / call option | 8.05%  | January 4, 2016   | January 4, 2019               | 2,000                           |
| 7.99% NABARD 2019 Series 16I | 3 years and 71 days                               | 7.99%  | January 8, 2016   | March 20, 2019                | 525                             |
| 7.98% NABARD 2019 Series 16J | 3 years and 2 months                              | 7.98%  | January 13, 2016  | March 13, 2019                | 2,000                           |
| 7.95% NABARD 2019 Series 16K | 3 years   | 7.95%  | January 19, 2016  | January 21, 2019              | 2,000                           |

2. In addition to the NPSBs listed in the section titled “**Financial Indebtedness – Commercial Papers as at December 31, 2015**” on page 94 of this Prospectus, NABARD has issued the following commercial papers post March 31, 2015. These commercial papers are rated as “A1+” by CRISIL.

| Description    | Tenor in days | Interest / yield rate (%) | Date of Allotment | Redemption on Date / Schedule | Outstanding Amount (In ₹ crore) |
|----------------|---------------|---------------------------|-------------------|-------------------------------|---------------------------------|
| CP Series 8 AF | 60            | 7.18                      | January 1, 2016   | March 1, 2016                 | 1,976.67                        |
| CP Series 8 AG | 60            | 7.20                      | January 4, 2016   | March 4, 2016                 | 1,976.6                         |
| CP Series 8 AH | 342           | 7.85                      | January 8, 2016   | December 15, 2016             | 931.48                          |
| CP Series 8 AI | 44            | 7.50                      | February 8, 2016  | March 23, 2016                | 1,982.08                        |

3. Pursuant to the private placement offer letter dated February 23, 2016, NABARD has issued and allotted tax free secured redeemable non-convertible bonds of face value ` 10,00,000 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act on February 25, 2016 for an amount aggregating ` 1,500 crore for a tenor of 10 years at a coupon rate of 7.07% redeemable on February 25, 2026.
4. Mr. Jugal Kishore Mohapatra has retired as a director of NABARD with effect from February 29, 2016. Additionally, while Mr. S. Vijayanand has been appointed as the Director of NABARD (in place of Mr. Jugal Kishore Mohapatra) he is yet to take charge of his post as the Director of NABARD. For details, please see section titled “**Our Management**” on pages 87 and 82 of this Prospectus.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The CBDT has by CBDT Notifications authorised the Issuer to issue tax free, secured, redeemable, non-convertible bonds aggregating to ₹ 5,000 crore in Fiscal 2016.

The Board of the Issuer has, pursuant to a resolution dated February 22, 2016 approved the Issue.

The Issue by NABARD is within the RBI approved borrowing limits of 11 times NABARD's net owned funds, as set out in letter issued by the RBI dated December 17, 2015.

### Eligibility to Make the Issue

The Issuer, the persons in control of the Issuer have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, A.K. CAPITAL SERVICES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED, HAVE CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, A.K. CAPITAL SERVICES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 4, 2016 WHICH READS AS FOLLOWS:**

1. We confirm that neither the Issuer nor its directors have been prohibited from accessing the capital market under any order or direction passed by Securities and Exchange Board of India. We also confirm that none of the intermediaries named in the offer document have been debarred from functioning by any regulatory authority.
2. We confirm that all the material disclosures in respect of the Issuer have been made in the offer document and certify that any material development in the Issue or relating to the Issue up to the commencement of listing and trading of the Bonds offered through this Issue shall be informed through public notices/ advertisements in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of the Issue will be published.
3. We confirm that the offer document contains all disclosures as specified in the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.
4. We also confirm that all relevant provisions of the Companies Act, 1956 (to the extent in force as on date of the Prospectus and applicable to NABARD), the Companies Act, 2013 (to the extent notified as on date of the Prospectus and applicable to NABARD), Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines, Circulars issued thereunder are complied with.

We confirm that the Draft Prospectus was posted on the website of BSE for seven working days and that no comments/complaints were received on the Draft Prospectus.

### Disclaimer Clause of the Designated Stock Exchange

BSE Limited ("the Exchange") has given, vide its letter dated February 03, 2016, permission to this Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which this Issuer's securities are proposed to be

listed. The Exchange has scrutinized this offer document for its limited internal purpose deciding on the matter of granting the aforesaid permission to this Issuer.

The Exchange does not in any manner:-

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

### **Track Record of Past Public Issues Handled by the Lead Managers**

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR / MIRSD / 1 / 2012 dated January 10, 2012, are available on the respective websites of the Lead Managers to the Issue.

### **Listing**

The Bonds will be listed on the Designated Stock Exchange. BSE has given its in-principle approval through its letter dated March 3, 2016.

If the permission to list and trade the Bonds has not been granted by BSE, the Issuer shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the Prospectus. If any such money is not repaid within eight days after the Issuer becomes liable to repay it (except if such delays are on account of delay in postal channels of the country), the Issuer and every Director who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at 15% per annum, as prescribed under relevant acts, rules, regulations or other applicable laws. The Issuer shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE will be taken within 12 Working Days from the Issue Closing Date.

### **Consents**

The Issuer has appointed Axis Trustee Services Limited as Bond Trustee under regulation 4(4) of the SEBI Debt Regulations. The Bond Trustee has given its consent to the Issuer for its appointment under regulation 4(4) and also in all the subsequent periodical communications sent to the holders of the Bonds.

The consent of the Statutory Auditors of the Issuer for inclusion of (i) their names as the Statutory Auditors, (ii) examination reports on reformatted standalone financial statements in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, and (iii) Limited review report dated October 29, 2015.

The consent of (i) M/s. Bhandhari & Keswani, Chartered Accountants, for inclusion of their report dated February 19, 2016 on standalone reformatted financial statements of NABKISAN Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, (ii) M/s. Vinay Jain & Associates, Chartered Accountants, for inclusion of their report dated February 19, 2016 on standalone reformatted financial statements of NABARD Consultancy Services Private Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, (iii) M/s. Prakash & Srinivas, Chartered Accountants, for inclusion of their report dated February 18, 2016 on standalone reformatted financial statements of Agri Business Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, and (iv) M/s. SNC & Associates, Chartered Accountants, for inclusion of their report dated February 20, 2016 on standalone reformatted financial statements of NABARD Financial Services Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn.

Consents of each of the Directors, the Compliance Officer, the Chief General Manager (Finance), the Lead Managers, the Consortium Members, the Legal Counsel to the Issue, the Legal Counsel to the Lead Managers, the Bankers to the Issue / Escrow Collection Banks, the Banker to Issuer, the Refund Bank, Registrar to the Issue, the Bond Trustee for the Bonds, the Credit Rating Agencies to include their names in this Prospectus, in their respective capacities.

## **Previous Public or Rights Issues by NABARD during last five years**

Nil. However, please see section titled “*Risk Factors*” on page 13 of this Prospectus.

## **Expert Opinion**

Except for (i) the report dated February 23, 2016 on standalone reformatted financial statements of NABARD for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of the Statutory Auditor, (ii) the limited review report of NABARD dated October 29, 2015 for the six months period ending September 30, 2015 of the Statutory Auditor, (iii) the report dated February 19, 2016 on standalone reformatted financial statements of NABKISAN Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Bhandhari & Keswani, Chartered Accountants, (iv) the report dated February 19, 2016 on standalone reformatted financial statements of NABARD Consultancy Services Private Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Vinay Jain & Associates, Chartered Accountants, (v) the report dated February 18, 2016 on standalone reformatted financial statements of Agri Business Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Prakash & Srinivas, Chartered Accountants, (vi) the report dated February 20, 2016 on standalone reformatted financial statements of NABARD Financial Services Limited, for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. SNC & Associates, Chartered Accountants, and (vii) the report on the “Statement of Tax Benefits” dated February 23, 2016 of the Statutory Auditor, and (viii) rating rationale and credit rating letter of India Ratings; NABARD has not obtained any other expert opinion.

## **Common Form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the Bonds applicable as on the date of this Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

## **Minimum Subscription**

In terms of the SEBI Circular no. CIR / IMD / DF / 12 / 2014 dated June 17, 2014, minimum subscription limit is not applicable for issuers authorized by CDBT for issuing tax free bonds. Further, under the SEBI Debt Regulations, the Issuer may stipulate a minimum subscription amount which it seeks to raise. The Issuer has decided to set no minimum subscription for the Issue.

## **Underwriting**

The Issue has not been underwritten.

## **Reservation**

In terms of the CDBT Notifications, 60% of the total Issue Size shall be earmarked towards Applicants from Category IV. Apart from such reservation, there is no reservation in the Issue nor will any discount be offered in the Issue, to any category of investors.

## **Auditors' Remarks**

There are no reservations or qualifications or adverse remarks of auditors in respect of our Financial Statements in the last five financial years. For further details, please see section titled “*Financial Information*” appended as **Annexure A** of this Prospectus.

## **Mechanism for Redressal of Investor Grievances**

Link Intime Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer giving full details of the Applicant, number of Bonds applied for, amount paid on application series / option applied for and Member of the Syndicate / Trading Member / SCSB to which the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series / option applied for, number of Bonds applied for, amount blocked on Application.



All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to BSE.

### **Change in Auditors of the Issuer During the Last Three Years**

Details of change in our auditors for the last three years are as follows:

| <b>Name</b>            | <b>Address</b>   | <b>Date of Appointment</b> | <b>FY</b> | <b>Remarks</b>   |
|------------------------|--|----------------------------|-----------|--|
| M/s G.M. Kapadia & Co. | 36 B, Tamarind House, Tamarind Lane, Fort Mumbai 400 001 | May 23, 2013               | 2012-2013 | Appointment letter NO. F. No. 1 / 14 / 2004-BOA dated May 23, 2013             |
| M/s G.M. Kapadia & Co. | 36 B, Tamarind House, Tamarind Lane, Fort Mumbai 400 001 | February 12, 2014          | 2013-2014 | Appointment letter NO. F. No. 1 / 14 / 2004-BOA (Part) dated February 12, 2014 |
| M/s G.M. Kapadia & Co. | 36 B, Tamarind House, Tamarind Lane, Fort Mumbai 400 001 | January 7, 2015            | 2014-2015 | Appointment letter NO. F. No. 1 / 14 / 2004-BOA (Part) dated January 7, 2015   |

### **Disclaimer in Respect of Jurisdiction**

The Issue is being made in India, to Applicants from Category I, Category II, Category III and Category IV. This Prospectus will not, however constitute an offer to sell or an invitation to subscribe for the Bonds offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus, and this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

### **Lending to Group Companies**

Not Applicable

### **Revaluation of Assets**

NABARD has not revalued its assets in the last five years.

### **Utilisation Details of Previous Public Issues**

Not Applicable.

### **Commission or Brokerage on Previous Public Issues**

Not Applicable

### **Details of Loans, overdue and Classified as Non – Performing in accordance with RBI Guidelines**

Not Applicable

### **Statement by the Board**

- i) All monies received out of the Issue of the Bonds to the public shall be transferred to a separate bank account maintained with a Scheduled Bank and shall not be utilised for any purpose other than
  - a. for adjustment against allotment of securities where the securities have been permitted to be dealt with in the stock exchange or stock exchanges specified in the Draft Prospectus / Prospectus.
  - b. the repayment of monies within the time specified by the Securities and Exchange Board, received from applicants in pursuance of the prospectus, where the Issuer is for any other reason unable to allot securities;
- ii) Details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
- iii) Details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating securities or other forms of financial assets the form in which such unutilised monies have been invested;
- iv) That nothing in this Prospectus is contrary to Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992 and rules and regulations made thereunder; and

- v) That the allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by SEBI or else the application money shall be refunded to the applicants forthwith, failing which the interest shall be due to be paid to the applicants at the rate of fifteen percent per annum for the delayed period.

## SECTION VI- ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The CBDT has by the CBDT Notifications, authorised the Issuer to raise the bonds aggregating to ₹ 5,000 crore in Fiscal 2016. Pursuant to the private placement offer letter dated February 23, 2016, NABARD has issued and allotted tax free bonds aggregating to ₹ 1,500 crore on a private placement basis on February 25, 2016. The Issuer now proposes to raise ₹ 3,500 crore through the Issue of the Bonds prior to March 31, 2016, as approved by its Board by its resolution dated February 22, 2016.

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in section titled “*Terms of the Issue*” on page 111 of this Prospectus.

The key common terms and conditions of the Bonds are as follows:

|   |   |
|---|---|
| <b>Issuer</b>                             | National Bank for Agriculture and Rural Development (NABARD).   |
| <b>Type of Instrument</b>                 | Public Issue of tax-free, secured, redeemable, non-convertible Bonds of face value of ₹ 1,000.00 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act for an amount of ₹ 3,500 crore during fiscal 2016.  |
| <b>Nature of Instrument</b>               | Tax-free, secured, redeemable, non-convertible bonds in the nature of debentures.   |
| <b>Nature of Indebtedness / Seniority</b> | The claims of the Bondholders shall be superior to the claims of any unsecured creditors of NABARD, existing or in the future, and subject to applicable statutory and/or regulatory requirements. Further, the claims of the Bondholders shall rank <i>pari passu</i> inter se to the claims of other secured creditors of NABARD having the same security.  |
| <b>Mode of Issue</b>                      | Public Issue.   |
| <b>Eligible Investors</b>                 | <p><b>Category I*</b></p> <ul style="list-style-type: none"> <li>• Public financial institutions, SCBs, Indian multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crore, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• National Investment Fund (set up by resolution no. F. No. 2 / 3 / 2005-DDII dated November 23, 2005 of the GoI and published in the Gazette of India);</li> <li>• Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;</li> <li>• Mutual funds registered with SEBI; and</li> <li>• Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul> <p>* <i>With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</i></p> <p><i>The Issuer shall not be required to recognize any trust or any right with respect of the Bond other than the absolute right of the trustee as holder.</i></p> <p><b>Category II*</b></p> |

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>• Companies within the meaning of section 2(20) of the Companies Act, 2013*;</li> <li>• Statutory bodies / corporations*;</li> <li>• Co-operative banks;</li> <li>• Public / private / religious / charitable trusts;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008;</li> <li>• Societies in India registered under law and eligible to invest in Bonds;</li> <li>• RRBs;</li> <li>• Association of Persons;</li> <li>• Partnership firms in the name of partners; and</li> <li>• Any other domestic legal entities / persons as may be permissible under the CBDT Notifications and authorised to invest in the Bonds in terms of applicable laws.</li> </ul> <p>* <i>With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.</i></p> <p><b>Category III</b></p> <p>The following Applicant applying for an amount aggregating to above ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul> <p><b>Category IV</b></p> <p>The following Applicants applying for an amount aggregating to up to and including ₹ 10 lakh across all Series of Bonds in the Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• HUFs through the Karta.</li> </ul> |
| <b>Listing</b>                                    | The Bonds are proposed to be listed on BSE within 12 Working Days from the Issue Closing Date.  |
| <b>Put / Call</b>                                 | Not Applicable.   |
| <b>Rating of the Instrument</b>                   | “CRISIL AAA / Stable” by CRISIL and “IND ‘AAA’ / Stable” by India Ratings.  |
| <b>Issue Size</b>                                 | ₹ 3,500 crore.  |
| <b>Objects of the Issue</b>                       | Please see section titled “ <i>Objects of the Issue</i> ” on page 47 of this Prospectus.  |
| <b>Details of the utilization of the Proceeds</b> | Please see section titled “ <i>Objects of the Issue</i> ” on page 47 of this Prospectus.  |
| <b>Step Up / Step Down Coupon Rate</b>            | N.A.  |

|  |   |
|--|---|
| <b>Day Count Basis</b>                   | Actual / Actual. For further details please see section titled “ <i>Terms of the Issue</i> ” on page 111 of this Prospectus.  |
| <b>Interest on Application Money</b>     | Please see section titled “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 117 of this Prospectus.   |
| <b>Default Interest Rate</b>             | As specified in the Bond Trust Deed to be executed between NABARD and the Trustee for the Bondholders.  |
| <b>Issue Price</b>                       | ₹ 1,000.00 for each bond.   |
| <b>Face Value</b>                        | ₹ 1,000.00 for each bond.   |
| <b>Issue Opening Date</b>                | March 9, 2016   |
| <b>Issue Closing Date</b>                | March 14, 2016<br><br>The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, with an option for early closure or extension, except that the Issue may close on such earlier date or extended date as may be decided by the Board or a duly constituted committee or authorized person thereof. In the event of an early closure or extension of the Issue, the Issuer shall ensure that notice of the same is provided to the prospective investors through an advertisement in at least one daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE. |
| <b>Pay-in Date</b>                       | Application date (Full Application Amount is payable on Application. In case of ASBA Applications full Application Amount will be blocked.)   |
| <b>Deemed Date of Allotment</b>          | The date on which the Board or a duly constituted committee or authorized person thereof approves the Allotment of the Bonds or such date as may be determined by the Board or a duly constituted committee or authorized person thereof and notified to the Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified in the Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.   |
| <b>Trading mode of the Instrument</b>    | Compulsorily in dematerialised form**   |
| <b>Issuance mode of the Instrument</b>   | Dematerialised form or physical form as specified by an Applicant in the Application Form.  |
| <b>Settlement mode of the Instrument</b> | 1. Direct credit;<br>2. NECS;<br>3. RTGS;<br>4. NEFT; and<br>5. Cheques / pay order / demand draft.<br><br>For further details in respect of the aforesaid modes, please see section titled “ <i>Terms of the Issue – Mode of Payment</i> ” on page 119 of this Prospectus.   |
| <b>Depositories</b>                      | NSDL and CDSL.  |
| <b>Working Day Convention</b>            | All days, excluding Sundays or a holiday of commercial banks or a public holiday in Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, being the period beginning from Issue   |

|   |  |
|---|--|
|   | Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.  |
| <b>Record Date</b>                                | The record date for the purpose of Interest Payment or the Redemption Amount shall be 15 days prior to the date on which such amount is due and payable to the holders of the Bonds. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by the Issuer to the stock exchanges shall be considered as Record Date.   |
| <b>Security</b>                                   | The Bonds shall rank pari passu inter-se, and shall be secured by way of (i) first pari passu charge on the present and future book debts of NABARD (excluding any book debts which have been or may be exclusively charged to other lenders or trustees) and (ii) a first pari passu charge on a specific immovable asset of NABARD, as set out in the Bond Trust Deed, to the extent of at least 100% of the amounts outstanding and interest due thereon in respect of the Bonds until all amounts on the Bonds are repaid in full. The assets, being the book debts and immovable property on which charge is created are free from any encumbrances.  |
| <b>Transaction Documents</b>                      | The Draft Prospectus, the Prospectus, the Application Form along with the abridged prospectus read with any notices, corrigenda, addenda thereto, the Bond Trust Deed and other security documents, if applicable, and various other documents / agreements / undertakings, entered or to be entered by the Issuer with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Bond Trust Deed, the Bond Trustee Agreement, the Escrow Agreement, the Registrar Agreement and the Issue Agreement, NSDL Agreement, CDSL Agreement and the Consortium Agreement.<br><br>Please see section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 156 of this Prospectus. |
| <b>Conditions Precedent to Disbursement</b>       | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent to disbursement.   |
| <b>Condition Subsequent to Disbursement</b>       | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.  |
| <b>Events of Default</b>                          | Please see section titled “ <i>Terms of the Issue – Events of Default</i> ” on page 120 of this Prospectus.  |
| <b>Provisions related to Cross Default Clause</b> | As provided in the Bond Trust Deed to be executed between the Issuer and the Bond Trustee.   |
| <b>Registrar</b>                                  | Link Intime India Private Limited.   |
| <b>Mode of Application Money</b>                  | 1. At par cheques;<br>2. Demand drafts; and<br>3. ASBA.  |
| <b>Market Lot / Trading Lot</b>                   | One Bond.  |
| <b>Bond Trustee</b>                               | Axis Trustee Services Limited.   |
| <b>Role and Responsibilities of Bond Trustee</b>  | The Bond Trustee for the Issue is Axis Trustee Services Limited. The role and responsibilities of the Bond Trustee are mentioned in the Bond Trustee Agreement.  |
| <b>Governing Law and Jurisdiction</b>             | The laws of the Republic of India with Courts at Mumbai.   |

\*\* NABARD will make public issue of the Bonds in the dematerialised form as well as physical form. In terms of Section 8 (1) of the Depositories Act, NABARD, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialised form.

Participation by any of the above-mentioned investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions / consents / approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The terms of each Series of Bonds are set out below:

| Options              | Series of Bonds*<br>Category I, II & III <sup>#</sup> |            |
|----------------------|---|------------|
|                      | Series IA   | Series IIA |
| Coupon Rate (%) p.a. | 7.04%   | 7.35%      |
| Annualized Yield (%) | 7.04%   | 7.35%      |

| Options              | Series of Bonds*<br>Category IV <sup>#</sup> |            |
|----------------------|--|------------|
|                      | Series IB                                    | Series IIB |
| Coupon Rate (%) p.a. | 7.29%  | 7.64%      |
| Annualized Yield (%) | 7.29%  | 7.64%      |

| Common Terms  | Series of Bonds<br>Category I, II, III & IV <sup>#</sup>   |  |
|---|--|--|
| Tenor   | 10 Years   | 15 Years   |
| Redemption Date   | At the end of 10 Years from the Deemed Date of Allotment   | At the end of 15 Years from the Deemed Date of Allotment |
| Redemption Amount (₹ / Bond)  | Repayment of the Face Value plus any interest that may have accrued at the Redemption Date   |  |
| Redemption Premium / Discount   | Not applicable   |  |
| Coupon Payment Frequency  | Annual   |  |
| Minimum Application Size and thereafter in multiple of                              | 5 Bonds (₹ 5,000) (individually or collectively across all Series of Bonds) and in multiple of One Bond (₹ 1,000) thereafter   |  |
| Face Value (₹ / Bond)   | ₹ 1,000.00   |  |
| Issue Price (₹ / Bond)  | ₹ 1,000.00   |  |
| Mode of Interest Payment  | For various modes of interest payment, please see section titled “ <i>Terms of the Issue – Mode of Payment</i> ” on page 119 of this Prospectus.   |  |
| Coupon Payment Date   | The first Interest Payment Date shall be the date falling one year from Deemed Date of Allotment and, for subsequent fiscals, shall be the same date of such respective fiscal. The last coupon / interest payment in each case will be made on the respective Redemption Dates / Maturity Dates for each Series of Bonds. |  |
| Coupon Reset Process  | Not applicable   |  |
| Coupon Type   | Fixed  |  |
| Interest on Application Money   | Please see section titled “ <i>Terms of the Issue - Interest on Application Money</i> ” on page 117 of this Prospectus.  |  |
| Discount at which Bonds are issued and effective yield as a result of such discount | Not applicable   |  |

\* The Issuer shall allocate and Allot Bonds of Series IA / Series IB (depending upon the Category of Applicants) to all valid Applications, as may be applicable, wherein the Applicants have not indicated their choice of the relevant Bond series in their Application Form.

# In pursuance of CBDT Notifications and for avoidance of doubts, it is clarified as under:

- a. The coupon rates indicated under Series IB and Series IIB shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.
- b. In case the Bonds allotted against Series IB and Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series IA and Series IIA respectively.

- c. If the Bonds allotted against Series IB and Series IIB are sold / transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
- d. Bonds allotted against Series IB and Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;*
- e. If on any Record Date, the original Category IV allottee(s) / transferee(s) hold the Bonds under Series IB and Series IIB, , Series IA and Series IIA for an aggregate face value amount of over ₹ 10.00 lakh, then the coupon rate applicable to such Category IV allottee(s) / transferee(s) on Bonds under Series IB and Series IIB shall stand at par with coupon rate applicable on Series IA and Series IIA respectively;*
- f. Bonds allotted under Series IA and Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*
- g. For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the Issue shall be clubbed and taken together on the basis of PAN.*



## TERMS OF THE ISSUE

### 1. Authority for the Issue

The CBDT has by the CBDT Notifications, authorised the Issuer to raise the Bonds aggregating to ₹ 5000 crore in Fiscal 2016. Pursuant to the private placement offer letter dated February 23, 2016, Issuer has issued and allotted tax free bonds aggregating to ₹ 1,500 crore on a private placement basis on February 25, 2016. The Issuer now proposes to raise the balance amount of ₹3,500 crore through a public issue of the Bonds prior to March 31, 2016.

The Board of the Issuer has, pursuant to a resolution dated February 22, 2016 approved the Issue.

### 2. Terms and Conditions of the Issue

The Bonds being offered through the Issue are subject to the provisions of the SEBI Debt Regulations, applicable regulations by the RBI, the Income Tax Act, the Companies Act, 1956 and Companies Act, 2013 (to the extent applicable to NABARD), the CBDT Notifications, the terms of the Draft Prospectus, the Prospectus, the Application Form and abridged prospectus, any other supplement or corrigendum advertisement, the terms and conditions of the Bond Trustee Agreement and the Bond Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the GoI, and other statutory / regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

### 3. Issue and Status of the Bonds

- 3.1. Public issue of ₹3,500 crore tax free Bonds at par, in the nature of secured redeemable non-convertible debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act in Fiscal 2016.
- 3.2. The Bonds shall be secured pursuant to the Bond Trust Deed. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all the provisions of the Bond Trust Deed.
- 3.3. The Bonds shall rank *pari passu* inter-se, and shall be secured by way of first *pari passu* charge on the book debts of NABARD and a first *pari passu* charge on a specific immovable asset of NABARD, as mentioned in the Bond Trust Deed to the extent of at least 100% of the amounts outstanding and interest due thereon in respect of the Bonds at any time during the currency of the Bonds. The same is to be created within three months from the closure of the Issue, in accordance with the SEBI Debt Regulations. The assets, being the book debts on which charge is created are free from any encumbrances and no consent is required from an existing creditor.
- 3.4. The claims of the Bondholders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

### 4. Security and Ranking of the Bonds

The Bonds will be secured by first *pari passu* charge over the present and future book debts (excluding any book debts which have been or may be exclusively charged to other lenders or trustees) of the Issuer and a specific immovable asset of the Issuer as set out in the Bond Trust Deed to the extent of at least 100% of the principal amounts outstanding and interest due thereon in respect of the Bonds until all amounts on the Bonds are repaid in full pursuant to the terms of the Bond Trust Deed. However, the Issuer reserves the right to sell or otherwise deal with the receivables, both present and future, including without limitation to create a first charge on *pari passu* basis thereon for its present and future financial requirements without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection, provided that a minimum security cover of 1 (one) times principal amounts outstanding and all interest on the Bonds is maintained. Accordingly, the Bonds will constitute direct and secured obligations of the Issuer and will rank *pari passu* inter se to the claims of other secured creditors of the Issuer having the same security and superior to the claims of any unsecured creditors of the Issuer, existing or in the future, subject to any obligations preferred under applicable law.

### 5. Form, Face Value, Title and Listing

#### 5.1. Form of Allotment

The Allotment of the Bonds shall be in a dematerialized form to all Applicants and in physical form to Applicants. The Issuer has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to a tripartite agreement dated February 20, 2016 among the Issuer, the Registrar and CDSL and a tripartite agreement dated March 3, 2016 among Issuer, the Registrar and NSDL (collectively the “**Tripartite Agreements**”). Under SEBI circular dated July 27, 2012 the allotment can be done in physical form only to investor who have no demat account. Therefore, only the investors not having a demat account will be allotted Bonds in

physical form however investors having a demat account will have the option to convert demat bonds allotted to them into physical form in accordance with Depositories Act, 1996.

The Issuer shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds Allotted in dematerialized form. The Bondholders holding the Bonds in dematerialised form shall deal with the Bonds in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

**5.2.** The Bondholders may rematerialize the Bonds issued in dematerialised form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

**5.3.** In case of Bonds held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, the Issuer will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a “**Consolidated Bond Certificate**”). In respect of the Consolidated Bond Certificate(s), the Issuer will, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations / rules / act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate which will, on issuance of the split Consolidated Bond Certificates, be cancelled by the Issuer.

**5.4. Face Value**

The face value of each Bond is ₹1,000.00

**5.5. Title**

In case of:

5.5.1. a Bond held in dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

5.5.2. a Bond held in physical form, the person for the time being appearing in the Register of Bondholders as Bondholder shall be treated for all purposes by the Issuer, the Bond Trustee, the Depositories and all other persons dealing with such persons the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

**5.6.** No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or the Issuer or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the register of beneficial holders maintained by the Depositories and the Register of Bondholders, as maintained by the Issuer and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Issuer or the Registrar to the Issue.

**5.7. Listing**

The Bonds will be listed on BSE. The Designated Stock Exchange for the Issue is BSE. The Issuer has received in-principle approvals by letter no. DCS/RK/PI-BOND/14/15-16 dated March 3, 2016.

If the permission to list and trade the Bonds is not granted by BSE, the Issuer shall forthwith repay without interest all such monies received from the Applicant in pursuance of the Prospectus.

The Issuer shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE will be taken within 12 Working Days from the Issue Closing Date.

**5.8. Market Lot**

The Bonds shall be allotted in physical as well as dematerialised form. In terms of the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialized form, tradable lot is one Bond.

## **5.9. Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having opted for Allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by such Depository Participant.

## **6. Transfer of the Bonds, Issue of Consolidated Bond Certificates,**

### **6.1. Register of Bondholders**

The Issuer shall maintain at its head office or such other place as permitted under the applicable law, a Register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

### **6.2. Transfers**

#### **6.2.1. *Transfer of Bonds Held in Dematerialised Form:***

In respect of Bonds held in the dematerialised form, transfers of the Bonds may be effected only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in paragraph 6.2.2 below.

#### **6.2.2. *Transfer of Bonds in Physical Form:***

The Bonds may be transferred by way of a duly executed transfer deed by the Bondholder or its duly authorized attorney or representative or other suitable instrument of transfer as may be prescribed by the Issuer for the registration of transfer of Bonds in accordance with all laws. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Issuer or to such persons as may be notified by the Issuer from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialised form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

### **6.3. Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Issuer, but on payment (or the giving of such indemnity as the Issuer may require) in respect of any tax or other Governmental charges which may be imposed in relation to such transfer, and upon the Issuer being satisfied that the requirements concerning transfers of Bonds have been duly complied with.

## **7. Application Amount**

The Bonds are being issued at par and the full amount of the face value per Bond is payable on Application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum Application size of Bonds as specified in the Prospectus, across any of the Series of Bonds or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment.

## **8. Deemed Date of Allotment**

The Deemed Date of Allotment shall be the date on which the Board or a duly constituted committee or authorized person thereof approves the Allotment of the Bonds for the Issue or such date as may be determined by the Board or a duly constituted committee or authorized person thereof and notified to the Designated Stock Exchange. The actual Allotment of Bonds may take place on a date other than the Deemed Date of Allotment. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in the Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment.

## 9. Subscription

### 9.1. Period of Subscription

The Issue shall remain open for the period mentioned below:

|                        |                |
|------------------------|----------------|
| <b>Issue opens on</b>  | March 9, 2016  |
| <b>Issue closes on</b> | March 14, 2016 |

The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or a duly constituted committee or authorized person thereof. In the event of an early closure or extension of the Issue, the Issuer shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

### 9.2. Underwriting

The Issue is not underwritten.

### 9.3. Minimum Subscription

In terms of the SEBI Circular no. CIR / IMD / DF / 12 / 2014 dated June 17, 2014, minimum subscription limit is not applicable for issuers issuing tax free bonds, as specified by CBDT.

Further, under the SEBI Debt Regulations, the Issuer may stipulate a minimum subscription amount which it seeks to raise. The Issuer has decided to set no minimum subscription for the Issue.

## 10. Interest

### 10.1. Interest

For Bondholders falling under Category I, II and III, the Bonds under Series IA and Series IIA shall carry interest at the coupon rate of 7.04%p.a. and 7.35% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Redemption Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be 7.04% p.a. and 7.35% p.a. for the Series IA, and Series IIA, respectively.

For Bondholders falling under Category IV, the Bonds under Series IB, and Series IIB shall carry interest at the coupon rate of 7.29% p.a., and 7.64% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Redemption Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be 7.29% p.a., and 7.64% p.a. for the Series IB, and Series IIB, respectively.

The coupon rates indicated under Series IB, and Series IIB shall be payable only on the portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.

In case the Bonds allotted against Series IB, and Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series IA, and Series IIA respectively.

If the Bonds allotted against Series IB, and Series IIB are sold / transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;

Bonds allotted against Series IB, and Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;

If on any Record Date, the original Category IV allottee(s) / transferee(s) hold the Bonds under Series IB, and Series IIB for an aggregate face value amount of over ₹ 10 lacs, then the coupon rate applicable to such Category IV

allottee(s) / transferee(s) on Bonds under Series IB, and Series IIB, shall stand at par with coupon rate applicable on Series IA, and Series IIA respectively;

Bonds allotted under Series IA, and Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;

For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the Issue shall be clubbed and taken together on the basis of PAN.

## 10.2. Day Count Convention

Interest on the Bonds shall be computed on an actual / actual basis i.e. on the principal outstanding on the Bonds as per the SEBI Circular bearing no. CIR / IMD / DF / 18 / 2013 dated October 29, 2013. Please refer to the following details pertaining to the cash flows of the Issuer in accordance with the SEBI circular bearing number CIR / IMD / DF / 18 / 2013 dated October 29, 2013:

**If any Coupon/Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately succeeding Working Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/Interest Payment Date. If the Redemption Date/Maturity Date (also being the last Coupon/Interest Payment Date) of any Series of the Bonds falls on a day that is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the Bonds until but excluding the date of such payment.**

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments. For the purpose of this Illustration, we have considered effect of holidays on cash flows only for Series IA and Series IIA. The effect of holidays on cash flows for the other Series of Bonds shall be similar.

|   |  |
|---|--|
| <b>Face value per Bond (In Rs.)</b>       | <b>1,000</b>   |
| <b>Deemed Date of Allotment (assumed)</b> | <b>Monday, March 28, 2016</b>  |
| <b>Frequency of Interest payment</b>      | <b>Annual</b>  |
| <b>Interest payment date</b>              | <b>First Coupon/Interest Payment Date on March 28, 2017, and subsequently on March 28 of every year until the Maturity Date/Redemption Date of the Series of Bonds</b> |
| <b>Day count convention</b>               | <b>Actual / Actual</b>   |

|                                       |                                 |
|---------------------------------------|---------------------------------|
| <b>Series IA</b>                      |                                 |
| <b>Coupon Rate</b>                    | <b>7.04%</b>                    |
| <b>Tenor (no. of years)</b>           | <b>10</b>                       |
| <b>Number of Bonds held (assumed)</b> | <b>100</b>                      |
| <b>Redemption Date/Maturity Date</b>  | <b>Saturday, March 28, 2026</b> |

| <b>Cash Flows</b>                            | <b>Due Date</b>           | <b>Payout Dates</b>       | <b>No. of days in Coupon Period</b> | <b>Amount (in Rs)</b> |
|--|---------------------------|---------------------------|-------------------------------------|-----------------------|
| 1 <sup>st</sup> Coupon/Interest Payment Date | Tuesday, March 28, 2017   | Tuesday, March 28, 2017   | 365                                 | 7,040.00              |
| 2 <sup>nd</sup> Coupon/Interest Payment Date | Wednesday, March 28, 2018 | Wednesday, March 28, 2018 | 365                                 | 7,040.00              |
| 3 <sup>rd</sup> Coupon/Interest Payment Date | Thursday, March 28, 2019  | Thursday, March 28, 2019  | 365                                 | 7,040.00              |
| 4 <sup>th</sup> Coupon/Interest Payment Date | Saturday, March 28, 2020  | Saturday, March 28, 2020  | 366                                 | 7,040.00              |
| 5 <sup>th</sup> Coupon/Interest Payment Date | Sunday, March 28, 2021    | Monday, March 29, 2021    | 366                                 | 7,059.00              |
| 6 <sup>th</sup> Coupon/Interest Payment Date | Monday, March 28, 2022    | Monday, March 28, 2022    | 364                                 | 7,021.00              |
| 7 <sup>th</sup> Coupon/Interest Payment Date | Tuesday, March 28, 2023   | Tuesday, March 28, 2023   | 365                                 | 7,040.00              |
| 8 <sup>th</sup> Coupon/Interest Payment Date | Thursday, March 28, 2024  | Thursday, March 28, 2024  | 366                                 | 7,040.00              |
| 9 <sup>th</sup> Coupon/Interest Payment Date | Friday, March 28, 2025    | Friday, March 28, 2025    | 365                                 | 7,040.00              |

| Cash Flows                                    | Due Date                 | Payout Dates             | No. of days in Coupon Period | Amount (in Rs)     |
|---|--------------------------|--------------------------|------------------------------|--------------------|
| 10 <sup>th</sup> Coupon/Interest Payment Date | Saturday, March 28, 2026 | Saturday, March 28, 2026 | 365                          | 7,040.00           |
| Redemption of Principal                       |                          | Saturday, March 28, 2026 |                              | <b>1,00,000.00</b> |
| <b>Total Cash Flows</b>                       |                          |                          |                              | <b>1,70,400.00</b> |

|                                       |                               |
|---------------------------------------|-------------------------------|
| <b>Series IIA</b>                     |                               |
| <b>Coupon Rate</b>                    | <b>7.35%</b>                  |
| <b>Tenor (no. of years)</b>           | <b>15</b>                     |
| <b>Number of Bonds held (assumed)</b> | <b>100</b>                    |
| <b>Redemption Date/Maturity Date</b>  | <b>Friday, March 28, 2031</b> |

| Cash Flows                                    | Due Date                  | Payout Dates              | No. of days in Coupon Period | Amount (in Rs)     |
|---|---------------------------|---------------------------|------------------------------|--------------------|
| 1 <sup>st</sup> Coupon/Interest Payment Date  | Tuesday, March 28, 2017   | Tuesday, March 28, 2017   | 365                          | 7,350.00           |
| 2 <sup>nd</sup> Coupon/Interest Payment Date  | Wednesday, March 28, 2018 | Wednesday, March 28, 2018 | 365                          | 7,350.00           |
| 3 <sup>rd</sup> Coupon/Interest Payment Date  | Thursday, March 28, 2019  | Thursday, March 28, 2019  | 365                          | 7,350.00           |
| 4 <sup>th</sup> Coupon/Interest Payment Date  | Saturday, March 28, 2020  | Saturday, March 28, 2020  | 366                          | 7,350.00           |
| 5 <sup>th</sup> Coupon/Interest Payment Date  | Sunday, March 28, 2021    | Monday, March 29, 2021    | 366                          | 7,370.00           |
| 6 <sup>th</sup> Coupon/Interest Payment Date  | Monday, March 28, 2022    | Monday, March 28, 2022    | 364                          | 7,330.00           |
| 7 <sup>th</sup> Coupon/Interest Payment Date  | Tuesday, March 28, 2023   | Tuesday, March 28, 2023   | 365                          | 7,350.00           |
| 8 <sup>th</sup> Coupon/Interest Payment Date  | Thursday, March 28, 2024  | Thursday, March 28, 2024  | 366                          | 7,350.00           |
| 9 <sup>th</sup> Coupon/Interest Payment Date  | Friday, March 28, 2025    | Friday, March 28, 2025    | 365                          | 7,350.00           |
| 10 <sup>th</sup> Coupon/Interest Payment Date | Saturday, March 28, 2026  | Saturday, March 28, 2026  | 365                          | 7,350.00           |
| 11 <sup>th</sup> Coupon/Interest Payment Date | Sunday, March 28, 2027    | Monday, March 29, 2027    | 366                          | 7,370.00           |
| 12 <sup>th</sup> Coupon/Interest Payment Date | Tuesday, March 28, 2028   | Tuesday, March 28, 2028   | 365                          | 7,330.00           |
| 13 <sup>th</sup> Coupon/Interest Payment Date | Wednesday, March 28, 2029 | Wednesday, March 28, 2029 | 365                          | 7,350.00           |
| 14 <sup>th</sup> Coupon/Interest Payment Date | Thursday, March 28, 2030  | Thursday, March 28, 2030  | 365                          | 7,350.00           |
| 15 <sup>th</sup> Coupon/Interest Payment Date | Friday, March 28, 2031    | Friday, March 28, 2031    | 365                          | 7,350.00           |
| Redemption of Principal                       |                           | Friday, March 28, 2031    |                              | <b>1,00,000.00</b> |
| <b>Total Cash Flows</b>                       |                           |                           |                              | <b>2,10,250.00</b> |

**Assumptions:**

1. For the purpose of illustration, it is assumed that only Sundays are non Working Days
2. The Deemed Date of Allotment is assumed to be March 28, 2016

**Note:**

1. Fiscal 2020, Fiscal 2024 and Fiscal 2028, being leap years, interest payable on 4th and 8th Coupon/Interest Payment Dates for Series IA and Series IIA & interest payable on 12th Coupon/Interest Payment Date for Series IIA has been calculated for 366 days as provided in “- Day Count Convention” .
2. Since the 5th Coupon/Interest Payment Date for Series IA & Series IIA and the 11th Coupon/Interest Payment Date for Series IIA is falling on a non Working Day, interest is payable on the next Working Day along with interest of one additional day.
3. Since interest for an additional day was paid on 5th Coupon/Interest Payment Date for Series IA & Series IIA and on the 11th Coupon/Interest Payment Date for Series IIA, interest for one day is deducted from the interest payable on the 6th Coupon/Interest Payment Date for Series IA & Series IIA and from the interest payable on the 12th Coupon/Interest Payment Date for Series IIA.
4. The Coupon/ Interest Payments are rounded-off to nearest rupee as per FIMMDA ‘Handbook on market practices’.

**10.3. Interest on Application Money**

**10.3.1. Interest on Application Amounts Received which are Used Towards Allotment of Bonds**

We shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s) / demand draft(s) up to one day prior to the Deemed Date of Allotment, at the rate of 7.04% p.a. and 7.35% p.a. on Series IA and Series IIA respectively for Allottees under Category I, Category II and Category III, and at the rate of 7.29% p.a. and 7.64% p.a. on Series IB and Series IIB respectively for Allottees under Category IV portion. In the event that such date of realization of the cheque(s) / demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of BSE up to one day prior to the Deemed Date of Allotment, at the aforementioned rate.

A tax deduction certificate will be issued for the amount of income tax so deducted.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, interest warrants will be dispatched along with the letter(s) of allotment at the sole risk of the Applicant, to the sole / first Applicant.

**10.3.2. Interest on Application Amounts Received which are Liable to be Refunded**

We shall pay interest on Application Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the closure of the Issue and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s) / demand draft(s) up to one day prior to the Deemed Date of Allotment, at the rate of 5% per annum. In the event that such date of realization of the cheque(s) / demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts which are liable to be refunded from three Working Days from the date of upload of each Application on the electronic Application platform of BSE up to one day prior to the Deemed Date of Allotment, at the aforementioned rate. Such interest shall be paid along with the monies liable to be refunded. Interest warrants will be dispatched / credited (in case of electronic payment) along with the letter(s) of refund at the sole risk of the Applicant, to the sole / first Applicant.

A tax deduction certificate will be issued for the amount of income tax so deducted.

Notwithstanding anything contained hereinabove, the Issuer shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of amount of the Bonds applied for in the Application Form. Please see section titled “*Issue Procedure - Rejection of Applications*” on page 142 of this Prospectus.

## **11. Redemption**

**11.1.** The face value of the Bonds will be redeemed at par, on the respective Redemption Dates of each of the Series of Bonds.

### **11.2. Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

#### **11.2.1. Bonds Held in Electronic Form:**

No action is required on the part of Bondholders at the time of maturity of the Bonds.

#### **11.2.2. Bonds held in Physical Form:**

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Redemption Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Issuer on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s).

## **12. Payments**

### **12.1. Payment of Amounts on the Bonds**

Payment of interest and principal on the Bonds will be made to those Bondholders whose name appears first in the register of beneficial owners maintained by the Depositories and the Register of Bondholders maintained by the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. Payment in respect of Bonds held in physical form will be made at any office of the Issuer in compliance with all laws.

### **12.2. Record Date**

The record date for the payment of interest or the Redemption Amount shall be 15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for Bonds issued under the Prospectus (“**Record Date**”). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. In the event the Record Date falls on second Saturday or fourth Saturday or Sunday or a public holiday in India, the succeeding Working Day will be considered as the Record Date.

### **12.3. Effect of Holidays on Payments**

If any Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately succeeding Working Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Interest Payment Date. If the Redemption Date / Maturity Date (also being the last Interest Payment Date) of any Series of the Bonds falls on a day that is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the Bonds until but excluding the date of such payment.

**12.4.** Whilst the Issuer will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Issuer proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through a courier service, or registered post or speed post to the address provided by the Bondholder and appearing in the register of beneficial owners maintained by the Depositories and the Register of Bondholders maintained by the Issuer and/or the Registrar to the Issue, as the case may be as, on the Record Date. The Issuer shall pay interest as specified in the Prospectus, over and above the coupon rate of the Bonds in the event that such payments are delayed beyond a period of eight days after the Issuer becomes liable to pay such amounts.

**12.5.** Issuer’s liability to the Bondholders including for payment or otherwise shall stand extinguished from the Redemption Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, Issuer will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Redemption Date.



### **13. Manner and Mode of Payment**

#### **13.1. Manner of Payment:**

All payments to be made by the Issuer to the Bondholders shall be made in any of the following manners:

##### **13.1.1. *For Bonds Applied or held in Electronic Form:***

Bank account details will be obtained from the Depositories for payments. Applicants who have applied or who are holding the Bond in electronic form are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for such delays on part of the Applicants.

##### **13.1.2. *For Bonds held in Physical Form***

Bank account details will be obtained from the Registrar to the Issue for effecting payments.

#### **13.2. Modes of Payment**

The mode of interest / refund / Redemption Amounts shall be undertaken in the following order of preference:

##### **13.2.1. *Direct Credit***

Applicants having bank accounts with the Refund Bank, in accordance with the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Issuer.

##### **13.2.2. *National Electronic Clearing Scheme (“NECS”)***

The NECS facility is applicable to Applicants having an account at any of the centres notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf, from the Depositories.

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Redemption Amount so long as the Issuer has initiated the payment process in time.

##### **13.2.3. *Real Time Gross Settlement (“RTGS”)***

An Applicant having a bank account with a branch which is RTGS enabled in accordance with the information available on the website of the RBI and whose payment amount exceeds ₹2 lakh (or as may be specified by the RBI from time to time) shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (“IFSC”). Charges, if any, levied by the Refund Bank for the same would be borne by the Issuer. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by such Applicant.

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Redemption Amount so long as the Issuer has initiated the payment process in time.

##### **13.2.4. *National Electronic Fund Transfer (“NEFT”)***

Payment of refund shall be undertaken through NEFT wherever an Applicant’s bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular branch. The IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever an Applicant has registered his MICR number and his bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to such Applicant through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

The Issuer shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Redemption Amount so long as the Issuer has initiated the payment process in time.

### 13.2.5. *Cheques or Demand Drafts*

Payments by cheques or demand drafts shall be made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by the Issuer or from the register of beneficial owners as provided by the Depositories. All cheques or demand drafts as the case may be, shall be sent by registered / speed post / courier service at the Bondholders' sole risk.

### 13.3. **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest / redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders / warrants. Applications without these details are liable to be rejected. However, in relation to Applicants who have applied for Bonds in dematerialised form, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders / warrants which can then be deposited only in the account specified.

### 14. **Special Tax Benefits**

For the details of tax benefits, please see section titled "*Statement of Tax Benefits*" on page 49 of this Prospectus.

### 15. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total taxable income of Bondholders. For further details, please see section titled "*Statement of Tax Benefits*" on page 49 of this Prospectus.

### 16. **Events of Default**

16.1. The Bond Trustee at its own discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early Redemption Amount on such date as may be specified in such notice, among other things, if any of the events listed in paragraph 16.2 below occur.

16.2. The event of default includes non payment of interest, non redemption etc. The complete list of events of default shall be as specified in the Bond Trust Deed.

16.3. The early Redemption Amount payable on the occurrence of an event of default shall be as detailed in the Bond Trust Deed.

16.4. If an event of default is continuing, the Bond Trustee may, with the consent of the Bondholders obtained in accordance with the provisions of the Bond Trust Deed, and with a prior written notice to the Issuer, take action in terms of the Bond Trust Deed.

16.5. In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Issuer shall also pay interest on the defaulted amounts.

### 17. **Provisions related to Cross Default Clause**

17.1. As provided in the Bond Trust Deed to be executed between the Issuer and the Bond Trustee.

### 18. **Bondholders' Rights, Nomination.**

#### 18.1. **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

18.1.1. The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the Bondholders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a special resolution passed at a meeting of the concerned Bondholders. However, in the event that such consent or special resolution pertains to modify or vary the terms and conditions governing the Bonds, such consent or resolution shall not be operative against the Issuer in the event that such consent or resolution is not acceptable to the Issuer.

- 18.1.2. The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders or the register of beneficial owners, as the case may be, shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- 18.1.3. Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a special resolution passed at a meeting of the concerned Bondholders after providing 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Issuer shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be in accordance with the terms of the Prospectus, and the Bond Trust Deed to be executed by the Issuer with the Bond Trustee.

A special resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

## **18.2. Succession**

Where Bonds are held in joint names and one of the joint-holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for the Issuer to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on the Issuer to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, the Issuer will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Board of the Issuer in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation. Provisions of section 15 of the NABARD Act / Regulations and other applicable laws will apply to all matters relating to succession.

## **18.3. Nomination facility to Bondholders**

- 18.3.1. The sole Bondholder or first Bondholder, along with other joint Bondholders (being individuals) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he were the registered holder of the Bond. A nomination shall stand rescinded on sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at the Issuer's administrative office or at such other addresses as may be notified by the Issuer.
- 18.3.2. The Bondholders are advised to provide the specimen signature of the nominee to the Issuer to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.
- 18.3.3. Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by the Issuer's Board or a duly constituted committee or authorized person thereof, as the case may be, elect either:
- (a) to register himself or herself as the holder of the Bonds; or
  - (b) to make such transfer of the Bonds, as the deceased holder could have made.
- 18.3.4. Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialised form need not make a separate nomination with the Issuer. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are

requested to inform their respective Depository Participant. For Applicants who opt to hold the Bonds in physical form, the Applicants are required to fill in the details for 'nominees' as provided in the Application Form.

18.3.5. Further, the Issuer's Board or a duly constituted committee or authorized person thereof, as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, the Issuer's Board or a duly constituted committee or authorized person thereof, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

## **19. Bond Trustee**

**19.1.** The Issuer has appointed Axis Trustee Services Limited to act as the Trustee for the Bondholders. The Issuer intends to enter into a Bond Trust Deed with the Bond Trustee, the terms of which will govern the appointment and functioning of the Bond Trustee and shall specify the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trust Deed, the Issuer will covenant with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Redemption Date and also that it will pay the interest due on Bonds on the rate specified under the Prospectus under which Allotment has been made.

**19.2.** The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee, having become so bound to proceed, failed to do so.

**19.3.** The Bond Trustee will protect the interest of the Bondholders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and they will take necessary action at the Issuer's cost. Further, the Bond Trustee shall ensure that the assets of the Issuer are sufficient to discharge the principal amount at all times under the Issue.

## **20. Miscellaneous**

### **20.1. Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans from lending institutions in accordance with the lending policies of such institutions. The Issuer shall not grant any loan or advance on the security of its own Bonds

### **20.2. Lien**

The Issuer shall have the right of set-off and lien, present as well as future on the monies due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Issuer.

### **20.3. Lien on Pledge of Bonds**

Subject to applicable laws, the Issuer, at its discretion, may note a lien on pledge of the Bonds if such pledge of the Bonds is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

### **20.4. Joint-Holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

### **20.5. Sharing of Information**

The Issuer may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Issuer and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its affiliates nor their agents shall be liable for use of the aforesaid information.

#### **20.6. Notices**

All notices to the Bondholders required to be given by the Issuer or the Trustee shall be published in at least one national daily newspaper having wide circulation and/or, will be sent by post / courier to the registered Bondholders from time to time.

#### **20.7. Issue of Duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by the Issuer against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity / security and/or documents as it may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time in accordance with applicable law and practice in respect of any replacement, any Bondholder will have to comply with the NABARD Act and Regulations as amended from time to time or as required under law.

#### **20.8. Future Borrowing**

The Issuer shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever and to change its capital structure including through the issue of shares of any class, on such terms and conditions as the Issuer may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

#### **20.9. Jurisdiction**

The Bonds, the Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of the Issue and any matter related to or ancillary to the Issue, the courts of Mumbai, India shall have exclusive jurisdiction.

## ISSUE PROCEDURE

*This section applies to all Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involves application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.*

*ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate mentioned in the abridged prospectus) or make online Applications using the online payment gateway of BSE.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in the Draft Prospectus, and the Prospectus.*

*Please note that this section has been prepared based on the circular no. CIR / IMD / DF-1/20 / 2012 dated July 27, 2012 issued by SEBI ("Debt Application Circular"). The procedure mentioned in this section is subject to BSE putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by BSE and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by BSE and/or SEBI, including SEBI Circular No. CIR / IMD / DF / 18 / 2013 October 29, 2013.*

*Applicants are accordingly advised to carefully read the Prospectus, the Application Form and the Abridged Prospectus in relation to any proposed investment. The information below is given for the benefit of the Applicants. The Issuer, the Registrar to the Issue, and the Lead Managers shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.*

*Specific attention is drawn to the circular (No. CIR / IMD / DF / 18 / 2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the Debt Application Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Designated Stock Exchange, as opposed to the date and time of upload of each such application.*

**IT MAY BE NOTED THAT DIRECT ONLINE APPLICATION IS CURRENTLY NOT AVAILABLE DUE TO NONAVAILABILITY OF INFRASTRUCTURE WITH THE STOCK EXCHANGE, HOWEVER, AS SOON AS IT BECOMES AVAILABLE BY THE STOCK EXCHANGE, SAME WILL BE AVAILABLE TO INVESTORS.**

**PLEASE NOTE THAT ALL TRADING MEMBERS OF THE DESIGNATED STOCK EXCHANGE WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY BSE WILL NEED TO APPROACH BSE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY BSE.**

*Please note that in accordance with Para 4 of SEBI Circular No. CIR / CFD / DIL / 12 / 2012 dated September 13, 2012, for making Applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Only such account shall be used for the purpose of making Application in public issues and clear demarcated funds should be available in such account for ASBA Applications.*

*The Members of the Syndicate and the Issuer shall not be responsible or liable for any errors or omissions on the part of trading members in connection with the responsibility of Trading Members in relation to collection and upload of Applications in the Issue on the electronic application platform provided by BSE. Further BSE will be responsible for addressing investor grievances arising from applications through Trading Members.*

*Please note that for the purpose of this section, the term "Working Day" shall mean all days other than a Sunday or a public holiday in Mumbai on which commercial banks are open for business, except with reference to Issue Period and Record Date, where working day shall mean all days, excluding Saturdays, Sundays and public holidays in India, on which commercial banks are open for business*

## Who can apply?

The following categories of persons are eligible to apply in the Issue.

### Category I \*

- Public financial institutions, SCBs, Indian multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crore, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund (set up by resolution no. F. No. 2 / 3 / 2005-DDII dated November 23, 2005 of the GoI and published in the Gazette of India);
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

\* *With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.*

*The Issuer shall not be required to recognize any trust or any right with respect of the Bond other than the absolute right of the trustee as holder.*

### Category II \*

- Companies within the meaning of section 2(20) of the Companies Act, 2013\* ;
- Statutory bodies / corporations\* ;
- Co-operative banks;
- Public / private / religious / charitable trusts;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008;
- Societies in India registered under law and eligible to invest in Bonds;
- RRBs;
- Association of Persons;
- Partnership firms in the name of partners; and
- Any other domestic legal entities / persons as may be permissible under the CBDT Notifications and authorised to invest in the Bonds in terms of applicable laws.

\* *With regard to Section 186(7) of the Companies Act 2013, see general circular (No. 6/2015), dated April 9, 2015 issued by the MCA clarifying that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of the loan, there is no violation of Section 186(7) of the Companies Act, 2013.*

### Category III

The following Applicant applying for an amount aggregating to above ₹ 10 lakh across all Series of Bonds in the Issue:

- Resident Indian individuals; and

- HUFs through the Karta.

#### Category IV

The following Applicants applying for an amount aggregating to up to and including ₹ 10 lakh across all Series of Bonds in the Issue:

- Resident Indian individuals; and
- HUFs through the Karta.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions / consents / approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of Applicants. The Issuer and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

#### Methods of Application

An eligible investor desirous of applying in the Issue can make Applications by one of the following methods:

1. Applications through the ASBA process; and
2. Non-ASBA Applications.

**Note** – Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that BSE puts in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

*If such systems, infrastructures or processes are put in place by the Designated Stock Exchange prior to the filing of the Prospectus, the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Prospectus. However, if such systems, infrastructures or processes are put in place by the Designated Stock Exchange after filing of the Prospectus but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a national daily newspaper.*

#### **Applications through the ASBA process**

**Please note that application through ASBA is optional for all categories of Applicants.**

Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. Applicants can submit their Applications through the ASBA process by submitting the Application Forms to the Designated Branch of the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the “**Syndicate ASBA**”), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat).** Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Those Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. The filled in Application Form containing instructions to SCSB to block the Application Amount shall be submitted to the designated branches of the SCSBs. The ASBA Applications can also be submitted with the Member of the Syndicate at the Syndicate ASBA Centres (only in Specified Centres) or with the Trading Members of the Designated Stock Exchange, who shall in turn upload all such details



of the Applicant that is required for the purpose of allotment based on the ASBA Application Form on the platform of the Designated Stock Exchange and forward the same to the SCSBs, in accordance with the circulars issued by SEBI in this regard from time to time. The Members of Syndicate and Trading Members of the Designated Stock Exchange shall accept ASBA Applications only at the Syndicate ASBA Centres and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Care should be taken that such Application Forms should bear the stamp of the relevant SCSB, Members of the Syndicate or trading members of the Designated Stock Exchange, otherwise they will be rejected.

Members of the Syndicate and Trading Members shall, upon receipt of Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of BSE and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

ASBA Applications in electronic mode will only be available with such SCSBs who provide such an electronic facility. In case of ASBA Applications in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application Amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB. The Application forms in physical mode, which shall be stamped can also be submitted to the Members of the Syndicate & the Trading Members at the Syndicate ASBA Application location. The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the bidding platform of the Designated Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the bidding platform of the Designated Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the bidding platform of the Designated Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for Application Forms which have been uploaded by the Member of the Syndicate or Trading Members of the Designated Stock Exchange due to any reason.

The Issuer, our Directors, affiliates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to BSE.

**Please note that you cannot apply for the Bonds through the ASBA process if you wish to be allotted the Bonds in physical form.**

#### ***Non-ASBA Applications***

##### ***(i) Non- ASBA Applications for Allotment of the Bonds in Dematerialised Form***

Applicants may submit duly filled in Application Forms either in physical or downloaded Application Forms to the Members of the Syndicate or the Trading Members accompanied by account payee cheques / demand drafts prior to or on the Issue Closing Date. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of BSE from 10:00 am till 5:00 pm, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Applications.

Upon uploading the Application on the online platform of BSE, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the relevant payment instruments (cheque or demand drafts) to the Escrow Collection Banks, which will realise the payment instrument, and send the Application details to the Registrar. The Members of the Syndicate / Trading Members are requested to note that all payment instruments are required to be banked with only the designated banking branches of the Escrow Collection Banks, details of which will be available at the websites of the Lead Managers, respectively (A link for the said websites will be available at the website of BSE at [www.bseindia.com](http://www.bseindia.com)). Accordingly, Applicants are requested to note that they must submit

Application Forms to Trading Members who are located in towns / cities which have at least one banking branch of the Escrow Collection Banks. The Registrar shall match the Application details as received from the online platform of BSE with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of BSE will prevail. Upon Allotment, the Registrar will credit the Bonds in the demat accounts of the successful Applicants as mentioned in the Application Form.

Please note that neither the Issuer, nor the Members of the Syndicate, nor the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to BSE.

(ii) ***Non- ASBA Applications for Allotment of the Bonds in Physical Form***

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members, along with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified in the sections titled “***Issue Procedure – Applications by various Applicant Categories***” and “***Issue Procedure - Additional Instructions Specific for Applicants seeking Allotment of the Bonds in Physical Form***” on pages 130 and 139, respectively, of this Prospectus. The Members of the Syndicate and Trading Members shall, upon submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platform of BSE, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant shall preserve this and should provide the same for any queries relating to non-Allotment of Bonds in the Issue.

Upon uploading of the Application details, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of BSE with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of BSE will prevail. The Members of the Syndicate / Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the Lead Managers. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns / cities which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form. **Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest.**

**Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant’s sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, the Issuer will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.**

**Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for payment of the Application Amount.**

Members of the Syndicate or Trading Members are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 at the time of acceptance of the Application Forms.

To supplement the foregoing, the mode and manner of Application and submission of Application Forms is illustrated in the following chart.

| Mode of Application | To whom the Application Form has to be submitted |
|---------------------|--|
| ASBA Applications   | If using a physical Application form:            |

| Mode of Application        | To whom the Application Form has to be submitted  |
|----------------------------|---|
|                            | (i) to the Members of the Syndicate only at the Syndicate ASBA Application Locations;<br>or<br>(ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained;<br>(iii) to Trading Members only at the Syndicate ASBA Application Locations. |
| Non- ASBA Applications     | (i) to the Members of the Syndicate; or<br>(ii) to Trading Members.   |
| Direct Online Applications | Online submission through the online platform and online payment facility offered by BSE.   |

The Applicant applying under the ASBA Process agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form or through which the Application is being made in case of electronic ASBA Application, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the Application Form until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount in accordance with the Registrar's instruction from the ASBA Account. This amount will be transferred into the Public Issue Account maintained by us in accordance with the provisions of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSBs.

The SCSB may reject the Application at the time of acceptance of Application Form if the ASBA Account with the SCSB, details of which have been provided by the Applicant in the Application Form, does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, the Registrar would have a right to reject the Application only on technical grounds.

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar shall give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within twelve (12) Working Days of receipt of such instruction.

**Applications Cannot be Made by:**

- a) Minors;
- b) Persons Resident Outside India, Foreign nationals (including Non-resident Indians, Foreign Institutional Investors and Qualified Foreign Investors) and other foreign entities;
- c) Overseas Corporate Bodies;
- d) Indian Venture Capital Funds;
- e) Foreign Venture Capital Investors;
- f) Persons ineligible to contract under applicable statutory / regulatory requirements;
- g) Any category of investor other than the Applicants mentioned under Categories I, II, III and IV.

*In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above and the category of Investors on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of Stock Exchange by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.*

**Minimum Application Size**

5 Bonds ( ₹ 5,000) (individually or collectively across all Series of Bonds) and in multiple of One Bond ( ₹ 1,000) thereafter.

## **APPLICATIONS BY VARIOUS APPLICANT CATEGORIES**

### **Applications by Mutual Funds**

A mutual fund scheme cannot invest more than 10% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the board of trustees and the board of asset management company.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMC's or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Applications Forms by a mutual fund registered with SEBI for Allotment of the Bonds in physical form must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, the Issuer reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

### **Application by SCBs, Co-operative Banks and Regional Rural Banks**

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. Applications made by for Allotment of the Bonds must be accompanied by certified true copies of: (i) any Act / rules under which such Applicant is incorporated; (ii) certificate of registration / incorporation (iii) a resolution of the board of directors of such Applicant authorising investments; and (iv) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Circular no. CIR / CFD / DIL / 1 / 2013 dated January 2, 2013, SCsBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCsB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

### **Application by Insurance Companies Registered with the IRDA**

In case of Applications for Allotment of the Bonds in physical form made by an insurance company registered with the IRDA, a certified copy of its certificate of registration issued by IRDA must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its Memorandum and Articles of Association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; (iv) specimen signatures of authorized signatories; (v) any Act / Rules under which they are incorporated; and (vi) registration documents (i.e. IRDA Registration). Failing this, the Issuer reserves the right to accept or reject any Application for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

### **Indian Scientific and/or Industrial Research Organizations, which are Authorized to Invest in Bonds**

The application must be accompanied by certified true copies of: (i) Any Act / Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

### **Applications by Alternative Investments Funds**

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (i) a resolution authorising the investment and containing operating instructions; and (ii) specimen signatures of authorised persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all time comply with the conditions for categories in accordance with their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

### **Applications by Public Financial Institutions Authorized to Invest in the Bonds**

Applications by Public Financial Institutions for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) any Act / rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the

Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications made by Companies, Limited Liability Partnerships and Bodies Corporate Registered under Applicable Laws in India**

Applications made by companies, limited liability partnerships and bodies corporate for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) any Act / rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications under a Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form and the specimen signature of power of attorney holders / authorised signatories in accordance with the relevant resolution. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, the Issuer reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, the Issuer, in consultation with the Lead Manager, reserves the right to reject such Applications.

**The Issuer, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that the Issuer and the Lead Managers may deem fit.**

#### **Applications by provident funds and pension funds which are authorized to invest in the Bonds**

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the Bonds, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) any Act / rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory / regulatory requirements; (v) specimen signature of authorized person; (vi) a certified copy of the registered instrument for creation of such fund / trust; and (vii) any tax exemption certificate issued by Income Tax authorities. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications by National Investment Fund**

Application made by National Invest Fund for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, the Issuer reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

#### **Applications by Trusts**

Applications made by a trust, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory / regulatory requirements. Failing this, the Issuer reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds must ensure that (a) they are authorised under applicable statutory / regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions. Failing this, the Issuer reserves the right to accept or reject

any Applications in whole or in part, in either case, without assigning any reason therefor. Trusts as Bondholders are subject to the NABARD Bond Regulations.

## **Payment Instructions**

### ***Payment Mechanism for ASBA Applicants***

An ASBA Applicant shall specify details of the ASBA Account in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of intimation from the Registrar, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Escrow Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Application, as the case may be.

### ***Payment Mechanism for Non- ASBA Applicants***

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

The Issuer shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds from the Escrow Account, in accordance with the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

Accordingly, the Issuer shall open and maintain an escrow account with the Escrow Collection Bank(s) in connection with all application monies received from the Applicant, ("**Escrow Account**"). All application monies received from the Applicants shall be deposited in the Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Bond Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account.

### ***Payment into Escrow Account***

Each Applicant (except ASBA Applicant) shall draw a cheque or demand draft for the Application Amount in accordance with the following terms:

The payment instruments from all Applicants shall be payable into the Escrow Accounts drawn in favour of "**NABARD Bonds 2016 Escrow Account**"

- (a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- (b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- (c) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.

- (d) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account in accordance with the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants whose Applications have not been allotted Bonds.
- (e) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques / bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (f) Cash / stock invest / money orders / postal orders will not be accepted.

Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Issuer, the Lead Managers, the Escrow Collection Banks and the Registrar to facilitate collections from the Applicants.

The Escrow Collection Banks will act in terms of the Prospectus, and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for the Issuer to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in this Prospectus are executed.

### **Submission of Application Forms**

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

### **Additional Information for Applicants**

1. Application Forms submitted by Applicants (except for Applicants applying for the Bonds in physical form) whose beneficiary accounts are inactive shall be rejected.
2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate / Trading Member or the relevant Designated Branch, they are liable to be rejected.

Applicants are advised not to submit Application Forms to Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB) and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

### **Pre-Issue Advertisement**

The Issuer will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with the Designated Stock Exchange and the date of release of this statutory advertisement will be included in the statutory advertisement.

### **Instructions for Completing the Application Form**

- (a) Applications must be made in the prescribed Application Form.
- (b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus and the Application Form. Incomplete Application Forms are liable to be

rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.

- (c) Applications are required to be for a minimum of such Bonds as specified in the Prospectus.
- (d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- (f) Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Designated Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.
- (g) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus and in the Application Form.
- (h) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- (i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
- (j) Applications for all the Series of the Bonds may be made in a single Application Form only.
- (k) All Applicants are required to tick the relevant box of the "Mode of Application" in the Application Form, choosing either the ASBA or Non-ASBA mechanism.
- (l) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch; otherwise the Application is liable to be rejected.
- (m) It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
- (n) We shall allocate and Allot Bonds of Series IA and Series IB maturity to all valid Applications, as may be applicable, wherein the Applicants have not indicated their choice of the relevant Series of Bonds applied for. Applicants' PAN, Depository Account and Bank Account Details.

### **Fictitious Applications**

The attention of applicants is drawn to Sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

Any person who:

- (a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, for its securities; or
- (b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot or register any transfer of securities to him or any other person in a fictitious name,

shall be punishable with imprisonment for a term which shall not be less than 6 months but which may extend to 10 years and shall also be liable to fine which shall not be less than the amount involved which may extend to 3 times the amount involved.



**ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALIZED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF PERSON WHOSE NAME APPEARS FIRST IN THE DEPOSITORY ACCOUNT AND SIGNATURE OF ONLY THIS PERSON WOULD BE REQUIRED IN THE APPLICATION FORM. THIS APPLICANT WOULD BE DEEMED TO HAVE SIGNED ON BEHALF OF JOINT HOLDERS AND WOULD BE REQUIRED TO GIVE CONFIRMATION TO THIS EFFECT IN THE APPLICATION FORM.**

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds (for non-ASBA Applicants), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch / credit of refunds to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the Escrow Collection Banks, nor the SCSBs, nor the Issuer shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of Designated Stock Exchange by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and the Issuer, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders / Allotment Advice would be mailed at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders / Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Further, please note that any such delay shall be at such Applicants' sole risk and neither the Issuer, Escrow Collection Banks, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, the Issuer in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund orders / Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

### **Electronic Registration of Applications**

- (a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the online facilities of Designated Stock Exchange. The Lead Managers, the Issuer, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.

- (b) The Designated Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by Designated Stock Exchange. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Issue Closing Date.
- (c) Based on the aggregate demand for Applications registered on the electronic facilities of the Designated Stock Exchange, a graphical representation of consolidated demand for the Bonds, as available on the websites of Designated Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.
- (d) At the time of registering each Application, the Members of the Syndicate, SCSBs and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN (of the first Applicant, in case of more than one Applicant), Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non - ASBA Applications), bank code for the SCSB where the ASBA Account is maintained (for ASBA Applications), bank account number (for ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Designated Stock Exchange.
- (e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated / Allotted by the Issuer. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (f) The permission given by the Designated Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Issuer, and/or the Lead Managers are cleared or approved by the Designated Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Issuer, the management or any scheme or project of the Issuer; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Designated Stock Exchange.
- (g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- (h) Only Applications that are uploaded on the online system of the Designated Stock Exchange shall be considered for Allotment.

## **General Instructions**

### **Do's**

- Check if you are eligible to apply in accordance with the terms of the relevant Prospectus and applicable law;
- Read all the instructions carefully and complete the Application Form;
- If the Allotment of the Bonds is sought in dematerialized form, ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three);
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Ensure that Applications are submitted to the Members of the Syndicate, Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;

- Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Designated Stock Exchange, as the case may be;
- Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;
- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be mentioned, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. In case of Applications for Allotment in physical form, Applicants should submit a self-certified copy of their PAN card as part of the KYC documents. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;
- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds;
- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- Applicants (other than ASBA Applicants) are requested to write their names and Application number on the reverse of the instruments by which the payments are made;

#### **Don'ts**

- Do not send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;
- Do not submit Application Forms to the Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB);
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;
- Do not fill up the Application Form such that the Bonds applied for exceeds the Issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;
- Do not submit the Application Forms without the Application Amount for number of Bonds applied for; and
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
- Do not make an application of the Bonds on multiple copies taken of a single form.

## **Additional Instructions Specific for ASBA Applicants**

### **Do's**

- Before submitting the physical Application Form with the Member of the Syndicate at the Syndicate ASBA Application Locations ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;
- For ASBA Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Members of the Syndicate at the Syndicate ASBA Application Locations or the Trading Members and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar;
- For ASBA Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to the Issuer, the Registrar or the Members of the Syndicate or Trading Members;
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Members of the Syndicate at the Syndicate ASBA Application Locations, or to the Trading Members, as the case may be;
- Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, or the Trading Member, as the case may be, for the submission of the Application Form;
- In terms of SEBI Circular no. CIR / CFD / DIL / 1 / 2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

### **Don'ts**

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member at a location other than the Syndicate ASBA Application Locations;
- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a member of the Syndicate at the Syndicate ASBA Application Locations, or a Trading Member, as the case may be; and
- Do not submit more than five Application Forms per ASBA Account.

Applications shall be accepted only between 10:00 a.m. and 5:00 p.m. (Indian Standard Time), or such extended time as may be permitted by the Designated Stock Exchange during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Syndicate ASBA Application Location or with the Members of the Syndicate or Trading Members and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and shall be uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Designated Stock Exchange. It is clarified that the Applications not uploaded in the electronic application system of the Designated Stock Exchange would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for

allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither the Issuer nor the Lead Managers, Consortium Members or Trading Members are liable for any failure in uploading the Applications due to failure in any software / hardware system or otherwise.

#### **Additional Instructions Specific for Applicants Seeking Allotment of the Bonds in Physical Form**

Any Applicant who wishes to subscribe to the Bonds in physical form shall undertake the following steps:

- Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form. **The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialised form.**
- Please provide the following documents along with the Application Form:
  - (a) Self-attested copy of the PAN card;
  - (b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
    - ration card issued by the GoI; or
    - valid driving license issued by any transport authority of the Republic of India; or
    - electricity bill (not older than three months); or
    - landline telephone bill (not older than three months); or
    - valid passport issued by the GoI; or
    - voter's identity card issued by the GoI; or
    - passbook or latest bank statement issued by a bank operating in India; or
    - registered lease and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
    - AADHAR letter issued by Unique Identification Authority of India (UIDAI).
    - Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

In absence of the cancelled cheque, the Issuer may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Issuer, Lead Managers and Registrar shall not be liable for any delays / errors in payment of refund and/or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Issuer shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforesaid documents, may be rejected at the sole discretion of the Issuer

In relation to the issuance of the Bonds in physical form, please note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
2. In case of Bonds that are being issued in physical form, the Issuer will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate a "**Consolidated Bond Certificate**").
3. Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only. Such Applicant shall not be Allotted the Bonds in physical form.
4. The Issuer shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable mutatis mutandis to the Bonds issued in physical form.

### Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

| Type of Investors   | Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)  |
|---|---|
| Public Financial Institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of Section 2(20) of the Companies Act, 2013 and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; and State Industrial Development Corporations | <p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• Any Act / Rules under which they are incorporated</li> <li>• Board Resolution authorizing investments</li> <li>• Specimen signature of authorized person</li> </ul>  |
| Insurance companies registered with the IRDA  | <p>The Application must be accompanied by certified copies of any Act / Rules under which they are incorporated Registration documents (i.e. IRDA registration) Resolution authorizing investment and containing operating instructions (Resolution) Specimen signature of authorized person</p>  |
| Provident Funds, Pension Funds and National Investment Fund   | <p>The Application must be accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• Any Act / Rules under which they are incorporated</li> <li>• Board Resolution authorizing investments</li> <li>• Specimen signature of authorized person</li> </ul>  |
| Mutual Funds  | <p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• SEBI registration Certificate and trust deed (SEBI Registration)</li> <li>• Resolution authorizing investment and containing operating instructions (Resolution)</li> <li>• Specimen signature of authorized person</li> </ul>  |
| Applicants through a power of attorney under Category I   | <p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• A certified copy of the power of attorney or the relevant resolution or authority, as the case may be</li> <li>• A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form.</li> <li>• Specimen signature of power of attorney holder / authorized signatory in accordance with the relevant resolution.</li> </ul> |
| HUF through the Karta under Categories III and IV   | <p>The Application must be also accompanied by certified true copies of:</p>  |

| Type of Investors  | Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)  |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Self-attested copy of PAN card of HUF.</li> <li>• Bank details of HUF i.e. copy of passbook / bank statement / cancelled cheque indicating HUF status of the applicant.</li> <li>• Self-attested copy of proof of Address of karta, identity proof of karta.</li> </ul>  |
| Power of Attorney under Category II and Category III                             | <p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• A certified copy of the power of attorney has to be lodge with the Application Form.</li> </ul>   |
| Partnership firms in the name of the partners and limited Liability partnerships | <p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• Partnership deed;</li> <li>• Any documents evidencing registration thereof under applicable statutory / regulatory requirements, if any;</li> <li>• Resolution authorizing investment and containing operating instructions; and</li> <li>• Specimen signature of authorized person.</li> </ul> |

## Other Instructions

### A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be assumed to have given confirmation to this effect in the Application Form.

### B. Additional / Multiple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of ₹ 5,000 and in multiples of ₹ 1,000 thereafter, for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding ` 10,00,000.00 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

### C. Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

- (i) The tripartite agreement dated February 20, 2016 was entered amongst the Issuer, the Registrar and CDSL and the tripartite agreement dated March 3, 2016 was entered amongst the Issuer, the Registrar and NSDL, for offering depository option to the Applicants.

- (ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The Designated Stock Exchange has connectivity with NSDL and CDSL.
- (iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date / book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, please see sections titled “*Methods of Application*” and “**General Instructions**” on pages 126 and 136, respectively, of this Prospectus.

#### **D. Communications**

All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of the Issuer / Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice / credit of Bonds in depository’s beneficiary account / refund orders. Please note that Applicants who have applied for the Bonds through Trading Members should contact the Designated Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / credit of Bonds in depository’s beneficiary account / refund orders, etc.

#### **Rejection of Applications**

The Issuer reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for being less than the minimum Application size;
- Applications not being signed by the sole / joint Applicant(s);
- Applications submitted without payment of the Application Amount;
- Applications submitted without payment of the full Application Amount. However, in cases where the Application Amount paid, exceeds the number of Bonds applied for, the Applicant may be given allotment provided the number of Bonds applied for is greater than or equal to the minimum Application Size as specified in the Prospectus;
- In case of Applicants applying for Allotment in physical form, date of birth of the sole / first Applicant not mentioned in the Application Form;
- Investor Category in the Application Form not being ticked;
- In case of Applications for Allotment in physical form, bank account details not provided in the Application Form;
- Applications by persons not competent to contract under the Indian Contract Act, 1872;
- In case of partnership firms, Application Form submitted in the name of the partnership firm;
- Applications by stock invest or accompanied by cash / money order / postal order;
- Applications made without mentioning the PAN of the Applicant;
- GIR number mentioned in the Application Form instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons / entities who have been debarred from accessing the capital markets by SEBI;



- Applications submitted directly to the Escrow Collection Banks (if such Escrow Collection Bank is not an SCSB);
- ASBA Applications submitted to the Members of Syndicate or a Trading Members at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to the Issuer or the Registrar to the Issue;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- Applications for an amount below the minimum Application size;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications (except for ASBA Applications) where clear funds are not available in Escrow Accounts in accordance with final certificates from Escrow Collection Banks;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR / MRD / DP / 22 / 2010;
- Non- ASBA Applications accompanied by more than one payment instrument;
- Applications not uploaded on the terminals of the Designated Stock Exchange;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds; and
- Applications by non-resident investors;
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Designated Stock Exchange does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Designated Stock Exchange, as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Designated Stock Exchange, as the case may be.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by Applicants not permitted to subscribe to the Issue;

The collecting bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above.

In terms of the RBI circular (No.DPSS.C0.CHD.No. / 133 / 04.07.05 / 2013-14) dated July 16, 2013, non-CTS cheques would be processed in three CTS centres thrice a week until April 30, 2014, twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Bonds within 12 Working Days of the Bid / Offer Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payments. Applicants are

cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six calendar days from the Bid / offer closing date.

Application Forms received after the closure of the Issue shall be rejected.

In the event, if any Bond(s) applied for is/are not Allotted, the Application monies in respect of such Bonds will be refunded, as may be permitted under the provisions of applicable laws.

#### **Grouping of Applications and Allocation Ratio:**

Applications received from various applicants shall be grouped together on the following basis:

- i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, ("**Category I Portion**");
- ii) Applications received from Category II applicants: Applications received from Category II shall be grouped together, ("**Category II Portion**");
- iii) Applications received from Category III applicants: Applications received from Category III applicants shall be grouped together, ("**Category III Portion**").
- iv) Applications received from Category IV applicants: Applications received from Category IV applicants shall be grouped together, ("**Category IV Portion**").

For removal of doubt, "Category I Portion", "Category II Portion", "Category III Portion" and the "Category IV Portion" are individually referred to as "Portion" and collectively referred to as "Portions"

For the purposes of determining the number of Bonds available for allocation to each of the above Categories, the Issuer, subject to the CBDT Notifications requiring 60% of the total Issue Size to be earmarked towards Applicants from Category IV, the Issuer shall have the discretion in determining the number of Bonds to be allocated to each Category.

#### **Allocation Ratio**

Reservations shall be made for each of the Portions in the below mentioned format and shall be indicated in the Prospectus:

| <b>Particulars</b> | <b>Category I</b>     | <b>Category II</b>    | <b>Category III</b>   | <b>Category IV</b>    |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Size in %          | 15% of the Issue Size | 15% of the Issue Size | 10% of the Issue Size | 60% of the Issue Size |

The Issuer would allot Series IA / Series IB Bonds to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

#### **Basis of Allotment**

Allotments in the first instance:

- i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds up to 15% of the Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds up to 15% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds up to 10% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds up to 60% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges).

#### **Under Subscription**

If there is any under subscription in any Portion (while other Portions are oversubscribed), priority in Allotments will be given in the following order (in decreasing order of priority):

- (i) Category IV Portion;
- (ii) Category III Portion;
- (iii) Category II Portion; and
- (iv) Category I Portion.

Within each Portion, priority in Allotment will be given on a first-come-first-serve basis, based on the date of the upload of each Application into the electronic Application platform of the Stock Exchange.

For all Portions, all Applications uploaded on the same day on the electronic Application platform of the relevant stock exchanges would be treated at par with each other.

Minimum allotments of one Bond would be made in case of each valid Application.

#### **Allotments in case of oversubscription**

In case of an oversubscription in any of the Portions, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis in each portion, i.e. full Allotment of Bonds to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of Bonds to the Applicants on the date of oversubscription (based on the date of upload of each Application on the electronic Application platform of the relevant stock exchanges, in each Portion). The method of proportionate allotment is as described below:

1. Allotments to the applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer,
2. If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all applicants will be allotted the number of Bonds arrived at after such rounding off, rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
3. In the event, there are more than one Applicant whose entitlement remains equal after the manner of distribution referred to above, NABARD will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

#### **Applicants applying for more than one Series of Bonds**

If an Applicant has applied for more than one Series of Bonds, and in case such Applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series-wise allocation of Bonds to such Applicants shall be in proportion to the number of Bonds with respect to each Series, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate, in consultation with the Lead Managers and the Designated Stock Exchange.

All decisions pertaining to the basis of Allotment of Bonds pursuant to the Issue shall be taken by the Issuer consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus. Any other queries/issues in connection with the Applications will be appropriately dealt with and decided upon by NABARD in consultation with the Lead Managers.

NABARD shall allocate and allot Series IA / Series IB Bonds (depending upon the category of Applicants) to all valid applications, wherein the Applicants have not indicated their choice of the relevant Bond series.

NABARD has the discretion to close the Issue early irrespective of whether any of the portion(s) are fully subscribed or not. NABARD shall allot Bonds with respect to the Applications received till the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

#### **Investor Withdrawals and Pre-closure**

##### ***Withdrawal of Applications during the Issue Period***

##### ***Withdrawal of ASBA Applications***

ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Syndicate Member, Trading Member or Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been made. In case of ASBA Applications submitted to the Syndicate Members or Trading Members at the Syndicate ASBA Application Locations, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Syndicate Members or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of

the withdrawn ASBA Application Form from the electronic platform of the relevant stock exchanges. In case of ASBA Applications submitted directly to a Designated Branch of an SCSB, upon receipt of the request for withdrawal from an ASBA Applicant, the relevant Designated Branch shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the relevant stock exchanges and un-blocking of the funds in the ASBA Account directly.

#### *Withdrawal of non – ASBA Applications*

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Syndicate Member or Trading Member, as the case may be, through whom the Application had been

made. Upon receipt of the request for withdrawal from the Applicant, the relevant Syndicate Member or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn Application Form from the electronic platform of the relevant stock exchanges.

#### *Withdrawal of Applications after the Issue Period*

In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchange and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

*Pre-closure:* NABARD, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date (subject to full subscription of the Retail Individual Investor Portion prior to such early closure). NAABRD shall allot Bonds with respect to the Applications received till the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure or extension of the subscription list of the Issue, the Issuer shall ensure that public notice of such early closure or extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper with wide circulation. For further details, please see section titled “*General Information – Issue Programme*” on page 43.

#### **Allotment Advice / Refund Orders**

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

- ii. **Direct Credit** - Applicants having bank accounts with the Refund Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- iii. **NECS** - Payment of refund would be done through NECS for Applicants having an account at any of the centres which have been notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- iv. **NEFT** - Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Applicants have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicants through this method.
- v. **RTGS** - If the refund amount exceeds ₹ 2,00,000.00, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank for the same would be borne by us. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.
- vi. For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post / registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

In the case of Applicants other than ASBA Applicants, applying for the Bonds in dematerialised form, the Registrar will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant's sole risk and neither the Issuer, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 (twelve) Working Days of the Issue Closing Date.

The Issuer and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts / dispatch the Letters of Allotment or letters of regret / Refund Orders by registered post / speed post / ordinary post at the Applicant's sole risk, within 12 Working Days from the Issue Closure Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit / RTGS / NEFT.

The Issuer will provide adequate funds to the Registrar for this purpose.

### **IMPERSONATION**

*“Any person who—*

- (a) makes or abets making of an application in a fictitious name to the Issuer for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to the Issuer in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly the Issuer to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

*shall be liable for action”*

### **Listing**

The Bonds will be listed on BSE.

If permissions to deal in and for an official quotation of our Bonds are not granted by the Stock Exchange, the Issuer will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at Stock Exchange are taken within 12 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, such Bonds with Series of Bonds shall not be listed.

### **Utilisation of Application Money**

The sums received in respect of the Issue will be kept in the Escrow Account and the Issuer will have access to such funds only after creation of security for the Bonds and in accordance with applicable provisions of law(s), regulations and approvals and upon receipt of listing and trading approval from the Stock Exchange.

### **Undertaking by the Issuer**

We undertake that:

- (a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- (b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;
- (c) the funds required for dispatch of refund orders / allotment advice / certificates by registered post shall be made available to the Registrar to the Issue by the Issuer;
- (d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;

- (e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Trustee at the end of each half year;
- (f) we shall disclose the complete name and address of the Trustee in our annual report;
- (g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the Prospectus;
- (h) we shall pay interest in connection with any delay in Allotment, dematerialised credit and Refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements; and
- (i) We shall make necessary disclosures / reporting under any other legal or regulatory requirement as may be required by the Issuer from time to time.
- (j) the allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.
- (k) All monies received from the proceeds of the Issue of the Bonds to the public shall be transferred to a separate bank account maintained with a Scheduled Bank and shall not be utilized for any purpose other than:
  - i. for adjustment against allotment of securities where the securities have been permitted to be dealt with in the stock exchange or stock exchanges specified in the Draft Prospectus and the Prospectus; and
  - ii. repayment of monies within the time specified by the Securities and Exchange Board, received from applicants in pursuance of the prospectus, where the entity is for any other reason unable to allot securities.
- (l) We shall furnish the requisite statement to the RBI in the specified formats as prescribed in the Master Circular pertaining to Resource Raising Norms for Financial Institutions dated July 1, 2015.

## **SECTION VII - MAIN PROVISIONS OF THE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ACT, 1981 AND THE REGULATIONS**

While the main legislation governing commercial banks in India is the Banking Regulation Act, 1949 the Issuer is wholly governed by the provisions of the NABARD Act, NABARD General Regulations and the Additional Regulations. Since the Issuer is a statutory corporation, the provisions of the Companies Act are inapplicable.

The Issuer was constituted in order to provide and regulate credit and other facilities for the promotion and development of agriculture small- scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas, as well as for diverse public purposes.

***The main provisions of the NABARD Act are:***

### **Section 3**

- (1) NABARD shall be a body corporate with the name aforesaid having perpetual succession and a common seal with power, subject to the provisions of the NABARD Act, to acquire, hold and dispose of property and to contract, and may by that name sue and be sued.
- (2) The head office of NABARD shall be at Bombay or at such other place as the Government may, by notification, specify.
- (3) NABARD may establish offices, branches or agencies at any place in India, and with the previous approval of the Government and in consultation with the RBI, at any place outside India.

### **Section 4**

- (1) The capital of NABARD shall be one hundred crore of rupees:  
  
Provided that the Government may, in consultation with the RBI and by notification, increase the said capital up to five thousand crore of rupees.
- (2) The capital of NABARD shall be subscribed to by the Government and the RBI to such extent and in such proportion as may be notified by the Government in consultation with the RBI, from time to time:  
  
Provided that NABARD may issue capital to such institutions and persons in such manner as may be notified by the Government:  
  
Provided further that the combined shareholding of the Government and the RBI shall not at any time be less than fifty one percent of the total subscribed capital.

### **Section 5**

- (1) The general superintendence, direction and management of the affairs and business of NABARD shall vest in a Board of Directors, which shall exercise all powers and do all acts and things which may be exercised or done by NABARD.
- (2) Subject to the provisions of the NABARD Act, the Board in discharging its functions, shall act on business principles with due regard to public interest.
- (3) Subject to the provisions of sub-section (1) and save as otherwise provided in the regulations made under the NABARD Act, the Managing Director shall also have powers of general superintendence, direction and management of the affairs and business of NABARD and may also exercise all powers and do all acts and things which may be exercised or done by NABARD;  
  
Provided that during the period of any casual vacancy of the nature referred to in Section 11 in the office of the Managing Director, the Chairman may also exercise the powers and discharge the functions of the Managing Director until the person appointed by the Government under section 11 to act as Managing Director enters upon his office.
- (4) Any whole-time director appointed under sub-section (3) of section 6 shall assist the Managing Director in the discharge of his functions under sub-section (3) and perform such duties as the Board may entrust or delegate to him.
- (5) In the discharge of his powers and functions under sub-section (3), the Managing Director shall follow such directions as the Chairman may give.

- (6) In the discharge of its functions under the NABARD Act, NABARD shall be guided by such directions in matters of policy involving public interest as the Government, in consultation with the RBI, or the RBI, may give in writing.

## Section 6

- (1) The Board of Directors of NABARD shall consist of the following, namely:-

- (a) a Chairman ;
- (b) three directors from amongst experts in rural economics, rural development village and cottage industries, small-scale industries or persons having experience in the working of co-operative banks, regional rural banks or commercial banks or any other matter the special knowledge or professional experience in which is considered by the Government as useful to NABARD;
- (c) three directors from out of the directors of the RBI;
- (d) three directors from amongst the officials of the Government;
- (e) four directors from amongst the officials of the State Government;
- (f) such number of directors elected in the prescribed manner, by shareholders other than the RBI, the Government and other institutions owned or controlled by the Government whose names are entered on the register of shareholders of NABARD ninety days before the date of the meeting in which such election takes place on the following basis, namely :-
  - (i) where the total amount of equity share capital issued to such two directors; holders is ten percent. or less of the total issued equity capital
  - (ii) where the total amount equity share capital issued to such three directors; shareholders is more than ten percent but less than twenty-five and per cent and of the total issued equity capital
  - (iii) where the total equity share capital issued to such shareholders four directors: is twenty-five percent or more of the total issued equity capital Provided that until the assumption of charge by the elected directors under this clause, the Government may at any time nominate such number of directors not exceeding four from amongst persons having special knowledge of, and professional experience in agricultural science, technology, economics, banking, co-operatives, law, rural finance, investment, accountancy, marketing or any other matter, the special knowledge of and professional experience in, which would, in the opinion of the Government, be useful to NABARD for carrying out its functions; and
- (g) a Managing Director.

- (2) The Chairman and other directors, excluding the directors referred to in clause(f), shall be appointed by the Government in consultation with the RBI:

Provided that no such consultation shall be necessary in the case of directors appointed under clause (d) of sub-section (1).

- (3) Where the Government is satisfied, in consultation with the RBI that it is necessary so to do, it may appoint one or more whole-time directors with such designations as may be deemed appropriate by that Government and any wholetime director so appointed shall also be a member of the Board.

## Section 7

- (1) The Chairman shall hold office for such term not exceeding five years and shall receive such salary and allowances as the Government may, at the time of appointment, specify and shall be eligible for re-appointment.
- (1A) Notwithstanding anything contained in sub-section(1), the Government shall have the right to terminate the term of office of the Chairman at any time before the expiry of the term specified under that sub-section by giving him a notice of not less than three months in writing or three months' salary and allowances in lieu of such notice.
- (1B) In the case of a vacancy in the office of the Chairman, the Managing Director shall perform the functions and duties of the Chairman during such vacancy.
- (2) Subject to the provisions contained in sub-section (5), a director appointed under clause (b) or clause (c) of sub-section (1) of section 6, shall hold office for such term, not exceeding three years, as the Government may specify in this behalf and shall be eligible for re-appointment;



Provided that no such director shall hold office continuously for a period exceeding six years.

- (3) The Government may, in consultation with the RBI, remove the Chairman at any time before the expiry of his term of office after giving him a reasonable opportunity of showing cause against the proposed removal.
- (4) The Chairman and any other director, who is not an officer of the Government or State Government or an officer of the RBI or anybody or corporation established by or under any Central Act or any State Act and owned or controlled by such Government, shall be paid such fees and allowances as may be prescribed for attending the meetings of the Board or of any of its committees and for attending to any other work of NABARD.
- (5) The Directors appointed under clauses (b) to (f) of sub-section (1) of section 6 shall hold office during the pleasure of the Government.

#### **Section 8**

- (1) The Managing Director and any whole-time director appointed under subsection (3) of section 6 shall,-
  - (a) hold office for such term not exceeding five years as the Government may, at the time of appointment, specify and shall be eligible for re-appointment;
  - (b) receive such salary and allowances and be governed by such terms and conditions of service as the Board may, with the previous approval of the Government and in consultation with the RBI, determine :

Provided that the Managing Director and any such whole-time director appointed to the first Board shall receive such salary and allowances and be governed by such terms and conditions of service as the Government may, in consultation with the RBI, determine.

- (2) The Government may, in consultation with the RBI, remove the Managing Director or any whole-time director appointed under sub-section (3) of section 6 at any time before the expiry of his term of office, after giving him a reasonable opportunity of showing cause against the proposed removal.
- (3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the Government shall have the right to terminate the term of office of the Managing Director or of any whole-time director appointed under sub-section (3) of section 6 at any time before the expiry of the term fixed under sub-section (1) by giving him notice of not less than three months in writing or three months' salary and allowances in lieu of such notice :

Provided that the Government shall, before terminating the term of office of the Managing Director or any whole-time director appointed under sub-section (3) of Section 6, consult the RBI.

#### **Section 9**

- (1) No person shall be a director who-
  - (a) is of unsound mind and stands so declared by a competent court; or
  - (b) is or has been convicted of any offence which, in the opinion of the Government, involves moral turpitude; or
  - (c) is, or at any time has been, adjudicated insolvent or has suspended payment of his debts or has compounded with his creditors.
- (2) The appointment as director of any person who is a Member of Parliament or the Legislature of any State shall, unless within two months of the date of his appointment he ceases to be such member, be void on the expiry of the said period of two months and if any director is elected or nominated as a Member of Parliament or of any State Legislature he shall cease to be a director as from the date of such election or nomination, as the case may be.

#### **Section 10**

- (1) If a director-
  - (a) becomes subject to any of the disqualifications mentioned in section 9; or
  - (b) is absent without leave of the Board for more than three consecutive meetings thereof, his seat shall thereupon become vacant.

- (2) Any director may resign his office by giving notice there of in writing to the Government, and on his resignation being accepted by the Government, or if his resignation is not sooner accepted, on the expiry of three months from the receipt thereof by the Government, he shall be deemed to have vacated his office.

#### **Section 12**

- (1) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.
- (2) The Chairman of the Board, or if for any reason he is unable to attend any meeting, the Managing Director and in the absence of both, the Chairman and the Managing Director any other director nominated by the Chairman in this behalf and in the absence of such nomination, any other director elected by the directors present at the meeting, shall preside at the meeting of the Board.
- (3) All questions which come up before any meeting of the Board shall be decided by a majority of votes of the directors present and voting, and in the event of an equality of votes, the Chairman, or, in his absence, the person presiding, shall have a second or casting vote.

#### **Section 13**

- (1) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.
- (2) The Executive Committee shall discharge such functions as may be prescribed or may be delegated to it by the Board.
- (3) The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit and for such purposes as it may decide and every committee so constituted shall discharge such functions as may be delegated to it by the Board.
- (4) The Executive Committee shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.
- (5) The times and places at which any committee constituted under sub-section (3) shall meet, the rules of procedure which such committee shall observe in regard to the transaction of business at its meetings, and the fees and allowances which may be paid to the members of such committee for attending the meetings of the committee and for attending to any other work of NABARD..

#### **Section 14**

- (1) The Board may constitute an Advisory Council consisting of such number of directors and such other persons who, in the opinion of the Board, have special knowledge of agriculture, agricultural credit, co-operation and rural economics, small-scale industries, village and cottage industries and handicrafts and other rural crafts or have special knowledge and appreciation of the country's overall developmental policies and in particular overall monetary and credit policies, which is considered by the Board as useful to NABARD.
- (2) The Advisory Council shall advise NABARD in such matters as may be referred to the Advisory Council by NABARD and may discharge such other functions as may be entrusted or delegated to the Advisory Council by NABARD.
- (3) A member of the Advisory Council shall hold office for such term not exceeding five years as NABARD may fix, and receive such fees and allowances as may be prescribed for attending the meetings of the Advisory Council and for attending to any other work of NABARD.

#### **Section 19**

NABARD may, for the purpose of carrying out its functions under the NABARD Act,-

- (a) issue and sell bonds, debentures and other financial instruments with or without guarantee of the Government on such terms and conditions as may be approved by the Board;
- (b) borrow money from the RBI repayable on demand or otherwise on such terms and conditions including the terms relating to security and purposes as may be specified by the RBI;
- (c) borrow money from the Government and from any other authority or organisation or institution approved by the Board, on such terms and conditions as may be agreed upon;

- (d) accept from the Government, a State Government, a local authority, a State land development bank, a State co-operative bank or a scheduled bank or any person or body, whether incorporated or not, deposits repayable on such terms as NABARD may, with the approval of the RBI fix; and
- (e) receive gifts, grants, donations or benefactions from the Government or any State Government or any other source.

#### **Section 20**

Notwithstanding anything contained in the Foreign Exchange Management Act, 1999, or in any other law for the time being in force, relating to foreign exchange, NABARD may borrow, with the previous approval of the Government and in consultation with the RBI, foreign currency from any bank or financial institution in India or elsewhere, for granting loans and advances or for utilising such currency for any other purpose specified under the provisions of the NABARD Act.

#### **Section 48**

- (1) The accounts of NABARD shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956, who shall be appointed by the Government in consultation with the RBI for such term and on such remuneration as the Government may fix.
- (2) The auditors shall be supplied with a copy of the annual balance-sheet of NABARD and it shall be their duty to examine it together with the Accounts and vouchers relating thereto and they shall have a list delivered to them of all books kept by NABARD and shall at all reasonable times have access to the books, accounts, vouchers and other documents of NABARD.
- (3) The auditors may, in relation to the accounts of NABARD, examine any director of the Board or any officer or other employee of NABARD and shall be entitled to require from the Board or officers or employees of NABARD such information and explanation as they may think necessary for the performance of their duties.
- (4) The auditors shall make a report to NABARD upon the annual balance sheet and accounts examined by them and in every such report, they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and fair view of the state of affairs of NABARD and in case they had called for any explanation or information from the Board or any officer or other employee of NABARD, whether it has been given and whether it is satisfactory.
- (5) NABARD shall furnish to the Government and the RBI within four months from the date on which the annual accounts of NABARD are closed and balanced, a copy of its balance-sheet as on the close of that year together with a copy of the profit and loss account for the year and a copy of the auditors' report and a report of the working of NABARD during the relevant year, and the Government shall, as soon as may be after they are received by it, cause the same to be laid before each House of Parliament and cause the copies of the said balance-sheet, profit and loss account and auditors' report to be published in the Official Gazette.
- (6) Without prejudice to anything contained in the preceding sub-sections, the Government may, at any time, appoint the Comptroller and Auditor General of India to examine and report upon the accounts of NABARD and any expenditure incurred by him in connection with such examination and report shall be payable by NABARD to the Comptroller and Auditor General of India.

#### **Section 54**

- (1) Every director shall be indemnified by NABARD against all losses and expenses incurred by him in, or in relation to, the discharge of his duties, except such as are caused by his own wilful act or default.
- (2) A director shall not be responsible for any other director or for any officer or other employee of NABARD or for any loss or expenses resulting to NABARD from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of NABARD or the insolvency or wrongful act of any debtor or any person under obligation to NABARD or anything done in good faith in the execution of the duties of his office in relation thereto.

*The main provisions of the NABARD General Regulations are:*

#### **Regulation 3 - Meetings of the Board**

- (i) The Board shall ordinarily meet once a quarter in each year.
- (ii) Meetings of the Board shall be convened by the Chairman, and, in his absence, by Managing Director and shall be ordinarily held at Bombay but if so directed by the Board, may be held at any other place in India.

- (iii) Any five directors may, for the purpose of the consideration of the business to be specified in their requisition, require the Chairman to convene a meeting of the Board and the Chairman shall, on receipt of such requisition, convene a meeting of the Board giving sufficient notice;

Provided that the date of the meeting so convened shall not be later than 21 days from the date of the requisition.

- (iv) Except in respect of the first meeting of the Board, ordinarily not less than one clear fortnight's notice shall be given of each meeting of the Board and such notice shall be sent to every director to his registered address. Should it be found necessary to convene an emergency meeting, a notice of not less than seven days shall be given to every director who is at that time in India, to enable him to attend.
- (v) No business other than that for which the meeting was convened shall be discussed at the meeting of the Board, except with the consent of the Chairman of the meeting and a majority of the directors present, unless one clear week's notice has been given of the same in writing to the Chairman.
- (vi) Six directors shall form a quorum for the transaction of the business at a meeting of the Board.
- (vii) A copy of the proceedings of each meeting of the Board shall be circulated for the information of the directors as soon as possible after the minutes of that meeting are signed by the Chairman.

#### **Regulation 6 – Resolutions without meeting valid**

A resolution in writing circulated to all the directors in India and approved and signed by a majority of such directors who are then in India, one of whom shall be the Chairman, shall be valid and effectual and shall be deemed to be the resolution passed by the Board on the date on which it is approved and signed by the last signatory to the resolution :

Provided, however, that only for specific reasons to be recorded in writing a resolution shall be passed by circulation as mentioned above and every such resolution shall be placed before the next meeting of the Board.

#### **Regulation 12 –Issue of Bonds**

- (i) The bonds or debentures of NABARD shall be issued over the signature of the Chairman, or the Managing Director, or any whole-time director which may be printed, engraved, lithographed or impressed by such other mechanical process as NABARD may direct.
- (ii) A signature so printed, engraved, lithographed or otherwise impressed shall be valid as if it had been inscribed in the proper hand-writing of the signatory himself.

*The main provisions of the Additional Regulations are:*

#### **Regulation 3- Number of Directors of the Executive Committee and its functions**

- (1) The Executive Committee shall consist of the Chairman, the Managing Director and the following other Directors to be nominated by the Chairman -
- (a) one each from amongst the Directors appointed under clauses (b), (c), (d) and (e) of sub-section (1) of section 6; and
- (b) one of the whole time Directors, if any, appointed under subsection (3) of Section 6.
- (2) Subject to the provisions of Additional Regulations and such special or general directions as the Board may give from time to time, the Executive Committee shall have all the powers of the Board to transact the usual business of NABARD except powers in relation to matters which are specifically reserved by the NABARD Act to the Board.

#### **Regulation 4- Meetings of the Executive Committee**

- (1) The Chairman (or in his absence, the Managing Director) may call a meeting of the Executive Committee ordinarily once in two months at Bombay on such date and at such time as he may specify and a notice of not less than ten clear days shall be given to the members of the Executive Committee to enable them to attend the meeting.

Provided that if the Chairman (or in his absence, the Managing Director) considers it necessary so to do, a meeting of the Executive Committee may be held at any other place in India.

- (2) Where the Chairman (or in his absence, the Managing Director) considers it necessary to call an emergency meeting of the Executive Committee, a notice of not less than five clear days shall be given to the members of the Executive Committee to enable them to attend the meeting.

- (3) The Chairman or in his absence, the Managing Director and in the absence of both, any other member of the Executive Committee nominated by the Chairman or the Managing Director in this behalf and in the absence of such nomination, any other member of the Executive Committee elected by the members at the meeting, shall preside at the meeting of the said Committee.<sup>2</sup>
- (4) Three members of the Executive Committee, of whom one should be a Director appointed under clause (b) or clause (c) or clause (d) or clause (e) of sub-section (1) of section 6, shall form the quorum at its meetings.
- (5) Save as otherwise provided in Additional Regulations, the provisions of the NABARD Act and the General Regulations, so far as may be, shall apply to the meetings of the Executive Committee as they apply to the meetings of the Board.
- (6) Copy of the proceedings of each meeting of the Executive Committee shall be circulated for information to the Directors of the Board as soon as possible after the same are signed by the member presiding at that meeting or the next succeeding meeting.

#### **Regulation 5 - Meetings of the Advisory Council**

- (1) The Chairman or in his absence the Managing Director may convene a meeting of the Advisory Council, ordinarily once in six months at the Head Office of NABARD (or at any other place in India)<sup>1</sup> on such date and at such time as he may specify and a notice of not less than one clear fortnight shall be given to the members of the Advisory Council to enable them to attend the meeting
- (2) The Chairman, or in his absence, the Managing Director, and in the absence of both, any other member of the Advisory Council nominated by the Chairman or the Managing Director in this behalf, and in the absence of such nomination, any other member of the Advisory Council elected by the members present at the meeting, shall preside at the meeting of the Advisory Council.
- (3) One-third of the members of the Advisory Council (any fraction being ignored) or five members thereof, whichever is less, shall form the quorum at its meetings.

## SECTION VIII- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Issuer or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or are to be entered into by NABARD. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Head Office of the Issuer situated at Plot No. C-24, Block- G, Bandra Kurla Complex, Bandra East, Mumbai 400 051, India between 10:00 a.m. and 5:00 p.m. (Indian Standard Time) on any Working Day (Monday to Friday) during which issue is open for public subscription under the Prospectus.

### MATERIAL CONTRACTS

1. Issue Agreement dated February 22, 2016 between the Issuer and the Lead Managers.
2. Registrar Agreement dated February 22, 2016 between the Issuer and the Registrar to the Issue.
3. Bond Trustee Agreement dated February 22, 2016 executed between the Issuer and the Bond Trustee.
4. Escrow Agreement dated March 2, 2016 between the Issuer, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Consortium Agreement dated March 2, 2016 between the Issuer, the Consortium Members and the Lead Managers.
6. Tripartite Agreement dated February 20, 2016 among the Issuer, the Registrar and CDSL.
7. Tripartite Agreement dated March 3, 2016 among the Issuer, the Registrar and NSDL.

### MATERIAL DOCUMENTS

1. Copy of the Resolution passed by circulation by the Board of Directors dated February 22, 2016, approving the issue of tax-free bonds.
2. Letters dated February 19, 2016 by CRISIL assigning a rating of “CRISIL AAA / Stable” to the long term borrowing programme of the Issuer for the Fiscal 2016.
3. Letter dated February 22, 2016 by India Ratings assigning a rating of “IND ‘AAA’ / Stable” to the long term borrowing programme of the Issuer (including bonds and long term bank borrowing) for the Fiscal 2016
4. Consents of each of the Directors, the Compliance Officer, the Chief General Manager (Finance), the Lead Managers, the Consortium Members, the Legal Counsel to the Issue, the Legal Counsel to the Lead Managers, the Bankers to the Issue / Escrow Collection Banks, the Banker to Issuer, the Refund Bank, Registrar to the Issue, the Bond Trustee for the Bonds, the Credit Rating Agencies to include their names in this Prospectus, in their respective capacities.
5. Consent of the Statutory Auditors of the Issuer for inclusion of (i) their names as the Statutory Auditors, (ii) examination reports on reformatted standalone financial statements in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, and (iii) Limited review report dated October 29, 2015.
6. Consent of (i) M/s. Bhandhari & Keswani, Chartered Accountants, for inclusion of their report dated February 19, 2016 on standalone reformatted financial statements of NABKISAN Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, (ii) M/s. Vinay Jain & Associates, Chartered Accountants, for inclusion of their report dated February 19, 2016 on standalone reformatted financial statements of NABARD Consultancy Services Private Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, (iii) M/s. Prakash & Srinivas, Chartered Accountants, for inclusion of their report dated February 18, 2016 on standalone reformatted financial statements of Agri Business Finance Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn, and (iv) M/s. SNC & Associates, Chartered Accountants, for inclusion of their report dated February 20, 2016 on standalone reformatted financial statements of NABARD Financial Services Limited for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 in the form and context in which they appear in this Prospectus have been obtained and have not been withdrawn.

7. Statutory Auditor's report dated February 23, 2016 on the reformatted standalone financial information of NABARD and its Subsidiaries prepared under Indian GAAP for the financial years ended March 31, 2011, 2012, 2013, 2014 and 2015.
8. Limited review report dated October 29, 2015 on the unaudited standalone financial results of the Issuer for the half year ending September 30, 2015.
9. Statement of tax benefits dated February 23, 2016 issued by our Statutory Auditors.
10. The report dated February 19, 2016 on standalone reformatted financial statements of NABKISAN Finance Limited for the year ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Bhandhari & Keswani, Chartered Accountant.
11. The report dated February 19, 2016 on standalone reformatted financial statements of NABARD Consultancy Services Private Limited for the year ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Vinay Jain & Associates, Chartered Accountant.
12. The report dated February 18, 2016 on standalone reformatted financial statements of Agri Business Finance Limited for the year ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. Prakash & Srinivas, Chartered Accountant.
13. The report dated February 20, 2016 on standalone reformatted financial statements of NABARD Financial Services Limited, for the financial years ending March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012, March 31, 2011 of M/s. SNC & Associates, Chartered Accountants.
14. Notification No. 59 / 2015 dated July 6, 2015 issued by the CBDT.
15. Notification No. 6 of 2016 dated February 18, 2016 issued by the CBDT.
16. Annual Report of the Issuer for the last five Fiscals.
17. In-principle approval from BSE by its letter no. DCS/RK/PI-BOND/14/15-16 dated March 3, 2016.
18. Due Diligence Certificate dated March 4, 2016 filed by the Lead Managers with SEBI.

**Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of the Issuer in compliance with applicable laws.**

## DECLARATION

We, the undersigned Directors of NABARD, hereby certify & declare that all the applicable legal requirements in connection with the Issue including under the Companies Act, 2013 (to the extent in force and applicable to NABARD) and the rules made thereunder, the Companies Act 1956 (to the extent not repealed and applicable to NABARD) and the rules made thereunder, the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended), the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder and the applicable regulations and guidelines issued by Securities and Exchange Board of India as the case may be, and all applicable guidelines issued by Government of India, Reserve Bank of India and any other competent authority in this behalf, have been complied with and no statement made in this Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to the Prospectus.

We further certify that all the disclosures and statements in the Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that the Prospectus does not contain any misstatements.

Signed by the Board of Directors of NABARD



**Dr. Harsh Kumar Bhanwala**

Chairman

**Dr. Satyanarayana Dash**

Part Time Non Official Director

**Mr. H. R. Khan**

Director

**Dr. Nachiket Mor**

Part Time Director

**Mr. S. K. Pattanyak**

Director



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**Mrs. Snehlata Shrivastava**

Director

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**Mr. Dinesh Kumar Jain**

Director

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**Mrs. Upma Chawdhry**

Director

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**Mrs. Latha Krishna Rao**

Director

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**Mr. M. Srinivas Rao**

Director

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**Mr. H.R. Dave**

Deputy Managing Director

*R. Amalorpavanathan*  
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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

**DECLARATION**

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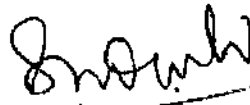
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**Dr. Harsh Kumar Bhanwala**

Chairman

\_\_\_\_\_  
**Dr. Satyanarayana Dash**

Part Time Non Official Director



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**Mr. H. R. Khan**

Director

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**Dr. Nachiket Mor**

Part Time Director

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**Mr. S. K. Pattanyak**

Director

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**Mrs. Snehlata Shrivastava**

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Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

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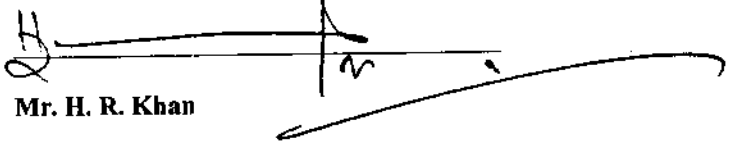
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Chairman

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Part Time Non Official Director

  
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Director

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Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

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Chairman

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**Dr. Satyanarayana Dash**

Part Time Non Official Director

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**Mr. H. R. Khan**

Director



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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

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**DECLARATION**

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Chairman

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**Dr. Satyanarayana Dash**

Part Time Non Official Director

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**Mr. H. R. Khan**

Director

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**Dr. Nachiket Mor**

Part Time Director

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**Mr. S. K. Pattanyak**

Director



**S K PATTANAYAK**  
Secretary  
Government of India  
Ministry Of Agriculture & Farmers' Welfare  
Department of Agriculture, Cooperation & Farmers' Welfare



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**Mrs. Snehlata Shrivastava**

Director

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**Mr. Dinesh Kumar Jain**

Director

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**Mrs. Upma Chawdhry**

Director

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**Mrs. Latha Krishna Rao**

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Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

## DECLARATION

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**Dr. Harsh Kumar Bhanwala**

Chairman

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**Dr. Satyanarayana Dash**

Part Time Non Official Director

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**Mr. H. R. Khan**

Director

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**Dr. Nachiket Mor**

Part Time Director

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**Mr. S. K. Pattanyak**

Director

*Shrivastava*

Mrs. Snehlata Shrivastava

Director

श्रीमती शिवस्तवा/SNEHLATA SHRIVASTAVA  
विशेष सचिव/Special Secretary  
वित्त सेवा विभाग/Dept. of Financial Services  
वित्त विभाग/Ministry of Finance  
भारत सरकार/Govt. of India  
जीवन दीप-बंगला /Jeevan Deep  
10, पार्लामेंट स्ट्रीट, नई दिल्ली/10, Parliament Street, New Delhi  
Tel. No.: 011-23748774, E-mail: ss-sd@nic.in

श्री. कुमार जैन

Director

Mrs. Upma Chawdhry

Director

Mrs. Latha Krishna Rao

Mr. M. Srinivas Rao

Director

Mr. H.R. Dave

Deputy Managing Director

Mr. R. Amalorpavanathan

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

## DECLARATION

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Chairman

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**Dr. Satyanarayana Dash**

Part Time Non Official Director

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**Mr. M. Srinivas Rao**

Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

## DECLARATION

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Director

*Upma Chawdhry*

**Mrs. Upma Chawdhry**

Director

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**Mrs. Latha Krishna Rao**

Director

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**Mr. M. Sriivas Rao**

Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

Place: Mumbai

Date: 06 March 2016

## DECLARATION

We, the undersigned Directors of NABARD, hereby certify & declare that all the applicable legal requirements in connection with the Issue including under the Companies Act, 2013 (to the extent in force and applicable to NABARD) and the rules made thereunder, the Companies Act 1956 (to the extent not repealed and applicable to NABARD) and the rules made thereunder, the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended), the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder and the applicable regulations and guidelines issued by Securities and Exchange Board of India as the case may be, and all applicable guidelines issued by Government of India, Reserve Bank of India and any other competent authority in this behalf, have been complied with and no statement made in this Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to the Prospectus.

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Chairman

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Part Time Non Official Director

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Part Time Director

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Director



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Director

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Director

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**Mrs. Latha Krishna Rao**

Director



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Director

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Deputy Managing Director

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Deputy Managing Director

Place: Mumbai

Date: 04 March 2016

## DECLARATION

We, the undersigned Directors of NABARD, hereby certify & declare that all the applicable legal requirements in connection with the Issue including under the Companies Act, 2013 (to the extent in force and applicable to NABARD) and the rules made thereunder, the Companies Act 1956 (to the extent not repealed and applicable to NABARD) and the rules made thereunder, the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended), the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder and the applicable regulations and guidelines issued by Securities and Exchange Board of India as the case may be, and all applicable guidelines issued by Government of India, Reserve Bank of India and any other competent authority in this behalf, have been complied with and no statement made in this Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to the Prospectus.

We further certify that all the disclosures and statements in the Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that the Prospectus does not contain any misstatements.

**Signed by the Board of Directors of NABARD**

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**Dr. Harsh Kumar Bhanwala**

Chairman

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**Dr. Satyanarayana Dash**

Part Time Non Official Director

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**Mr. H. R. Khan**

Director

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**Dr. Nachiket Mor**

Part Time Director

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**Mr. S. K. Pattanyak**

Director

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**Mrs. Snehlata Shrivastava**

Director

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**Mr. Dinesh Kumar Jain**

Director

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**Mrs. Upma Chawdhry**

Director

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**Mrs. Latha Krishna Rao**

Director



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**Mr. M. Srinivas Rao**

Director

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**Mr. H.R. Dave**

Deputy Managing Director

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**Mr. R. Amalorpavanathan**

Deputy Managing Director

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Place: Mumbai

Date: 02 March 2016

**ANNEXURE A**  
**FINANCIAL INFORMATION**

**Independent Auditor's Report**

The Board of Directors,  
**National Bank for Agriculture and Rural Development**  
Plot C-24, G Block,  
Bandra Kurla complex,  
BKC Road, Bandra East,  
Mumbai - 400051.

**Proposed Public Issue of Tax Free Secured Redeemable Non Convertible Bonds in the nature of Debentures having Tax Benefits under section 10(15)(iv)(h) of the Income-tax Act, 1961, as amended (The "Bonds") for an aggregate amount of Rs. 3,500 crores in Financial Year 2015-16 (the "Issue") by National Bank For Agricultural And Rural Development (The "Bank") pursuant to the notification No. 6/2016 dated February 18, 2016 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India**

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1. We have examined the accompanying financial information of **National Bank for Agriculture and Rural Development** ("the Bank") (comprising of Reformatted Unconsolidated Summary Statements annexed to this report and initialled by us for identification purposes only. The said Reformatted Unconsolidated Summary Statements has been prepared by the Bank in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("the SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications which have been approved by the Board of Directors for the purpose of disclosure in the Offer Document of the Bank, in terms of our engagement agreed upon with you in accordance with our engagement letter dated February 22, 2016, in connection with the Bank's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income-tax Act, 1961. The Reformatted Unconsolidated Summary Statements have been extracted from the audited financial statements of the Bank for the respective years i.e. year ended March 31, 2015, 2014, 2013, 2012 and 2011. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Bank for the year ended March 31, 2015, 2014, 2013, 2012 and 2011.
2. These information have been extracted by the Management from the audited financial statements for the year ended March 31, 2015, 2014, 2013, 2012 and 2011. Audit for the financial year ended March 31, 2012 and 2011 was conducted by the previous auditors P. Parikh & Associates and accordingly, reliance has been placed on the financial information examined by them for the said years. The financial reports included for these years i.e. March 31, 2012 and 2011 are solely based on the reports submitted by this firm. The audit of financial statements of other three years have been carried out by us.
3. **Management's Responsibility**  
The preparation of Reformatted Unconsolidated Summary Statements which is to be included in the Draft Prospectus and Prospectus (collectively referred to as "Offer Document") of the Bank, are the responsibility of the Bank's management. Our responsibility is to express an opinion on these Reformatted Unconsolidated Summary Statements. Board of Directors is also

responsible for identifying and ensuring that the Bank complies with the laws and regulations applicable to its activities. Board of Directors is also responsible for regrouping / reclassifying the Reformatted Unconsolidated Summary Statements to correct material regroupings / reclassifications.

#### **4. Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial Statement. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with SEBI Regulations and the Act, to the extent applicable, in connection with the proposed Issue. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Unconsolidated Summary Statements with the Bank's audited (Unconsolidated) Financial Statements, for the Financial Years ended March 31, 2015, 2014, 2013, 2012 and 2011 and reclassification / regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Bank or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Bank.

#### **5. Reformatted Unconsolidated Summary Statements as per Audited Financial Statements**

We have examined the attached „Statements of Assets and Liabilities“ of the Bank as at March 31, 2015, 2014, 2013, 2012 and 2011, Profit and Loss Account of the Bank for the financial years ended March 31, 2015, 2014, 2013, 2012 and 2011, Cash Flow Statement of the Bank for the financial years ended March 31, 2015, 2014, 2013, 2012 and 2011, and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years, referred to as „Reformatted Unconsolidated Summary Statements. Based on our examination of these Reformatted Unconsolidated Summary Statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Schedule 18 to the Reformatted Unconsolidated Summary Statements.
- ii. The Reformatted Unconsolidated Summary Statements of the Bank are not required to be regrouped and reclassified in accordance to Schedule III of the Act as the Bank is not governed by provision of the Act. However, regrouping has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability wherever necessary, to conform to the classification adopted for the Reformatted Unconsolidated Summary Statements as at / for the year ended March 31, 2015.
- iii. There are no extraordinary items that need to be disclosed separately in the Reformatted Unconsolidated Summary Statements.
- iv. The Bank has not declared any dividends for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011.
- v. These Reformatted Unconsolidated Summary Statements have been prepared in “Rs. in crores” for the convenience of the readers.
- vi. There are no qualifications in the auditor's report on financial statements as on and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011.

#### **6. Attention is drawn to the following:**

The figures of the fixed assets as at and depreciation for the year ended March 31, 2012 and 2011 as contained in Reformatted Unconsolidated Summary Statements have not been adjusted for

changes in accounting policies effected in the financial year 2011-12 to reflect the same accounting policies for these two years.

**7. Other Financial Information of the Bank:**

At the Banks request we have examined the following information relating to the Bank as at and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 annexed to this report:

- i. Statements of Accounting Ratios – Unconsolidated as at and for each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011; and
- ii. Capitalization Statement – Unconsolidated as at 31st March, 2015
- iii. Statement of Tax Shelter - Unconsolidated

**8. Opinion**

In our opinion, and to the best of our information and according to explanations given to us, read together with para 7 above, the Reformatted Unconsolidated Summary Statements of the Bank, as attached to this report, read with the respective significant accounting policies and notes to the Reformatted Unconsolidated Summary Statements, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Act.

9. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Unconsolidated Summary Statements.
10. This report is intended solely for your information and for inclusion in the Offer Document, in connection with the proposed issue of Bonds, having benefits under section 10(15)(iv)(h) of the Income-tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
11. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Bank as of any date or for any period subsequent to 31<sup>st</sup> March, 2015.

**For M/s G.M Kapadia & Co.**

Chartered Accountants

Firm Regn. No. 104767W

Rajen Ashar

Partner

Membership No. 048243

Mumbai

Dated: February 23, 2016

# Reformatted Unconsolidated Summary Statement

## NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

### STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

| Sr.No. | FUNDS AND LIABILITIES                                      | SCHEDULE | As on            | As on            | As on            | As on            | As on            |
|--------|--|----------|------------------|------------------|------------------|------------------|------------------|
|        |  |          | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
| 1      | Capital<br>(Under Section 4 of the NABARD Act, 1981)       |          | 5000.00          | 4700.00          | 4000.00          | 3000.00          | 2000.00          |
| 2      | Reserve Fund and other Reserves                            | 1        | 19600.99         | 17156.55         | 15234.17         | 13407.69         | 11862.72         |
| 3      | National Rural Credit Funds                                | 2        | 16070.00         | 16066.00         | 16062.00         | 16058.00         | 16045.00         |
| 4      | Funds out of grants received from International Agencies   | 3        | 113.96           | 119.05           | 125.38           | 139.21           | 138.90           |
| 5      | Gifts, Grants, Donations and Benefactions                  | 4        | 1515.05          | 896.48           | 977.40           | 657.92           | 2601.89          |
| 6      | Other Funds  | 5        | 4081.02          | 3883.78          | 4154.76          | 4157.12          | 3431.47          |
| 7      | Deposits   | 6        | 186454.24        | 165445.96        | 114060.86        | 95397.76         | 82776.68         |
| 8      | Bonds and Debentures                                       | 7        | 34007.49         | 36215.20         | 47665.96         | 38583.86         | 26788.21         |
| 9      | Borrowings   | 8        | 9476.17          | 1018.27          | 3109.16          | 4328.48          | 7681.29          |
| 10     | Current Liabilities and Provisions                         | 9        | 9489.77          | 9072.87          | 7780.75          | 6345.17          | 5546.10          |
|        | <b>Total</b>   |          | <b>285808.69</b> | <b>254574.16</b> | <b>213170.44</b> | <b>182075.21</b> | <b>158872.26</b> |
|        | Forward Foreign Exchange Contracts (Hedging) as per contra |          | 640.46           | 780.89           | 592.83           | 632.33           | 592.10           |

| Sr. No | PROPERTY AND ASSETS  | SCHEDULE | As on            | As on            | As on            | As on            | As on            |
|--------|--|----------|------------------|------------------|------------------|------------------|------------------|
|        |  |          | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011       |
| 1      | Cash and Bank Balances                                     | 10       | 13125.96         | 13622.08         | 8997.19          | 8544.37          | 10765.27         |
| 2      | Investments  | 11       | 21238.29         | 23310.83         | 15713.77         | 18209.83         | 19329.51         |
| 3      | Advances   | 12       | 245899.49        | 212894.36        | 184972.17        | 152625.95        | 126028.00        |
| 4      | Fixed Assets   | 13       | 325.19           | 325.28           | 315.45           | 225.06           | 280.98           |
| 5      | Other Assets   | 14       | 5219.76          | 4421.61          | 3171.86          | 2470.00          | 2468.50          |
|        | <b>Total</b>   |          | <b>285808.69</b> | <b>254574.16</b> | <b>213170.44</b> | <b>182075.21</b> | <b>158872.26</b> |
|        | Forward Foreign Exchange Contracts (Hedging) as per contra |          | 640.46           | 780.89           | 592.83           | 632.33           | 592.10           |
|        | Commitment and Contingent Liabilities                      | 17       |                  |                  |                  |                  |                  |
|        | Significant Accounting Policies and Notes on Accounts      | 18       |                  |                  |                  |                  |                  |

**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**PROFIT AND LOSS ACCOUNT**

( ₹ in crores)

| Sr.No. | INCOME  | SCHEDULE | 2014-15         | 2013-14         | 2012-13          | 2011-12          | 2010-11        |
|--------|---|----------|-----------------|-----------------|------------------|------------------|----------------|
| 1      | Interest received on Loans and Advances       |          | 15267.30        | 13091.05        | 11,204.14        | 9,511.97         | 8169.14        |
| 2      | Income from Investment Operations / Deposits  |          | 2217.97         | 2159.68         | 1,497.05         | 1,346.02         | 943.24         |
| 3      | Other Income( Refer Note B-11 of Schedule 18) |          | 319.19          | 191.60          | 182.22           | 120.51           | 89.63          |
|        | <b>Total "A"</b>                              |          | <b>17804.46</b> | <b>15442.33</b> | <b>12,883.42</b> | <b>10,978.50</b> | <b>9202.01</b> |

| Sr.No. | EXPENDITURE   | SCHEDULE | 2014-15         | 2013-14         | 2012-13         | 2011-12        | 2010-11        |
|--------|---|----------|-----------------|-----------------|-----------------|----------------|----------------|
| 1      | Interest and Financial Charges (Refer Note B-10 of Schedule-18) | 15       | 12928.96        | 11297.52        | 8954.83         | 7534.02        | 6193.87        |
| 2      | Establishment and Other Expenses                                | 16 A     | 1229.69         | 1223.00         | 1054.36         | 978.16         | 1077.71        |
| 3      | Expenditure on Promotional Activities                           | 16 B     | 61.19           | 36.00           | 52.48           | 48.95          | 48.39          |
| 4      | Provisions  | 16 C     | 114.25          | 73.13           | 164.77          | 144.18         | 35.60          |
| 5      | Depreciation  |          | 48.91           | 24.67           | 19.82           | 21.22          | 22.58          |
|        | <b>Total "B"</b>  |          | <b>14383.00</b> | <b>12654.33</b> | <b>10246.26</b> | <b>8726.53</b> | <b>7378.15</b> |
| 5      | <b>Profit before Tax (A - B)</b>                                |          | <b>3421.46</b>  | <b>2788.00</b>  | <b>2637.16</b>  | <b>2251.97</b> | <b>1823.86</b> |
| 6      | <b>Provision for</b>  |          |                 |                 |                 |                |                |
|        | a) Income Tax   |          | 1053.90         | 957.56          | 843.90          | 455.00         | 460.00         |
|        | b) Deferred Tax -( Asset)<br>( Refer Note B-14 of Schedule 18)  |          | -35.70          | -29.81          | -14.80          | 162.00         | 84.65          |
|        | c) Provision for Fringe Benefit Tax                             |          | 0.00            | 0.00            |                 |                |                |
| 7      | <b>Profit after Tax</b>   |          | <b>2403.26</b>  | <b>1860.25</b>  | <b>1808.07</b>  | <b>1634.97</b> | <b>1279.21</b> |
|        | Significant Accounting Policies and Notes on Accounts           | 18       |                 |                 |                 |                |                |

Schedules referred to above form an integral part of accounts



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**PROFIT AND LOSS APPROPRIATION ACCOUNT**

(₹ in crores)

| Sr.No.     | APPROPRIATIONS/ WITHDRAWALS  | 2014-15        | 2013-14        | 2012-13        | 2011-12         | 2010-11         |
|------------|--|----------------|----------------|----------------|-----------------|-----------------|
| <b>1</b>   | <b>Profit for the year brought down</b>  | <b>2403.26</b> | <b>1860.25</b> | <b>1808.07</b> | <b>1,634.97</b> | <b>1,279.21</b> |
| <b>2</b>   | <b>Add:</b><br>Withdrawals from funds against expenditure debited to Profit & Loss A/c |                |                |                |                 |                 |
| a)         | Co-operative Development Fund ( Refer Schedule 1)                                      | 11.71          | 9.58           | 21.88          | 5.35            | 6.05            |
| b)         | Research and Development Fund ( Refer Schedule 1)                                      | 20.22          | 15.60          | 17.03          | 20.65           | 17.67           |
| c)         | Watershed Development Fund (refer Schedule 5)  | 0.00           | 0.00           | 0.00           | 0.00            | 1.01            |
| d)         | Producers Organisation Development Fund ( Refer Schedule 1)                            | 2.15           | 1.83           | 0.39           | 0.00            | 0.00            |
| d)         | Micro Finance Development and Equity Fund ( Refer Schedule 5)                          | 0.00           | 0.00           | 0.00           | 10.61           | 11.41           |
| e)         | Investment Fluctuation Reserve ( Refer Schedule 1)                                     | 95.63          | 63.93          | 63.18          | 29.94           | 2.08            |
| f)         | Farm Innovation & Promotion Fund ( Refer Schedule 1)                                   | 0.00           | 13.01          | 10.06          | 2.74            | 2.39            |
| g)         | Rural Infrastructure Promotion Fund  | 2.29           | 1.17           | 1.13           | 0.00            | 0.00            |
| h)         | Farm Sector Promotion Fund ( Refer Schedule 1)   | 43.64          | 0.00           | 0.00           | 0.00            | 0.00            |
| <b>2.1</b> | <b>Withdrawals of Funds which have been closed</b>                                     |                |                |                |                 |                 |
| i)         | Foreign Currency Risk Fund ( Refer Note B-18 of Schedule 18)                           | 0.00           | 0.00           | 0.00           | 0.00            | 147.06          |
| ii)        | Soft Loan Assistance Fund for Margin Money( Refer Note B-18 of Schedule 18)            | 0.00           | 0.00           | 0.00           | 0.00            | 10.00           |
| ii)        | Agriculture & Rural Enterprise Incubation Fund ( Refer Note B-18 of Schedule 18)       | 0.00           | 0.00           | 0.00           | 0.00            | 5.00            |
| iii)       | Financial Inclusion Technology Fund  | 0.00           | 49.90          | 0.00           | 0.00            | 0.00            |
| iv)        | mFDEF Reserve  | 0.00           | 0.00           | 80.00          | 0.00            | 0.00            |
| v)         | mFDEF ( Refer Note B-7 of Schedule 18)   | 2.18           | 29.54          | 14.99          | 0.00            | 0.00            |
| <b>3</b>   | <b>Profit available for Appropriation</b>  | <b>2581.09</b> | <b>2044.82</b> | <b>2016.73</b> | <b>1704.27</b>  | <b>1481.89</b>  |
|            | <b>Less: Transferred to:</b>   |                |                |                |                 |                 |
| a)         | Special Reserves u/s 36(1) (viii) of IT Act, 1961                                      | 490.00         | 310.00         | 330.00         | 310.00          | 360.00          |
| b)         | National Rural Credit (Long Term Operations) Fund (Refer Schedule 2)                   | 1.00           | 1.00           | 1.00           | 10.00           | 50.00           |
| c)         | National Rural Credit (Stabilisation) Fund (Refer Schedule 2)                          | 1.00           | 1.00           | 1.00           | 1.00            | 10.00           |
| d)         | Co-operative Development Fund  | 0.00           | 0.00           | 0.00           | 5.35            | 6.05            |

|              |   |                |                |                |                 |                |
|--------------|---|----------------|----------------|----------------|-----------------|----------------|
| d)           | Research and Development Fund (Refer Schedule 1)                            | 20.22          | 15.60          | 17.03          | 20.65           | 17.67          |
| e)           | Investment Fluctuation Reserve ( Refer Schedule 1)                          | 63.93          | 524.38         | 33.22          | 27.15           | 116.08         |
| f)           | Farmers Technology Transfer Fund  | 0.00           | 15.11          | 0.00           | 44.56           | 33.56          |
| e)           | Farm Innovation & Promotion Fund ( Refer Schedule 1)                        | 0.00           | 0.00           | 0.00           | 2.74            | 2.34           |
| g)           | Producers' Organizations Development Fund ( Refer Note B-17 of Schedule 18) | 0.00           | 0.00           | 0.00           | 0.00            | 50.00          |
| h)           | Rural Infrastructure Promotion Fund ( Refer Note B-17 of Schedule 18)       | 0.00           | 0.00           | 0.00           | 0.00            | 25.00          |
| i)           | Financial Inclusion Technology Fund   | 0.00           | 0.00           | 0.00           | 45.00           | 10.00          |
| j)           | Farm Sector Promotion Fund ( Refer Schedule 1)                              | 50.00          | 0.00           | 0.00           | 0.00            | 0.00           |
| k)           | Reserve Fund  | 1954.93        | 1177.73        | 1634.48        | 1,237.81        | 801.18         |
| <b>Total</b> |   | <b>2581.09</b> | <b>2044.82</b> | <b>2016.73</b> | <b>1,704.27</b> | <b>1481.89</b> |

**SCHEDULES TO BALANCE SHEET**  
**Schedule 1 - Reserve Fund and Other Reserves for FY2015**

( ₹ in crores )

| Sr. No. | Particulars   | Opening Balance as on 01.04.2014 | Exp./Add./Adjust. during the year | Transferred From P&L Appropriation | Transferred to P&L Appropriation | Balance as on 31.03.2015 |
|---------|---|----------------------------------|-----------------------------------|------------------------------------|----------------------------------|--------------------------|
| 1       | Reserve Fund  | 10759.10                         | 0.00                              | 1954.93                            | 0.00                             | 12714.03                 |
| 2       | Research and Development Fund   | 50.00                            | 0.00                              | 20.22                              | 20.22                            | 50.00                    |
| 3       | Capital Reserve   | 74.81                            | 0.00                              | 0.00                               | 0.00                             | 74.81                    |
| 4       | Investment Fluctuation Reserve  | 686.70                           | 0.00                              | 63.93                              | 95.63                            | 655.00                   |
| 5       | Co-operative Development Fund   | 93.53                            | 0.00                              | 0.00                               | 11.71                            | 81.82                    |
| 6       | Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961 | 5395.00                          | 0.00                              | 490.00                             | 0.00                             | 5885.00                  |
| 7       | Producers' Organizations Development Fund                                     | 47.78                            | 0.00                              | 0.00                               | 2.15                             | 45.63                    |
| 8       | Rural Infrastructure Promotion Fund   | 22.70                            | 0.00                              | 0.00                               | 2.29                             | 20.41                    |
| 9       | MFDEF - Reserve Fund  | 0.00                             | 0.00                              | 0.00                               | 0.00                             | 0.00                     |
| 9       | Farm Innovation & Promotion Fund #  | 26.93                            | -26.93                            | 0.00                               | 0.00                             | 0.00                     |
| 10      | Farm Sector Promotion Fund @  |                                  | 67.93                             | 50.00                              | 43.64                            | 74.29                    |
|         | <b>Total</b>  | <b>17156.55</b>                  | <b>41.00</b>                      | <b>2579.09</b>                     | <b>175.64</b>                    | <b>19600.99</b>          |
|         | Previous year   | 15234.17                         | -0.21                             | 2027.71                            | 105.12                           | 17156.55                 |

# ₹ 26.92 crores transferred to Farm Sector Promotion Fund as per resolution of the Board

@ - Represents ₹ 41 crores transferred from Farmer's Technology Transfer Fund and ₹ 26.92 crores transferred from Farm Innovation & Promotion Fund as per resolution of the Board.

**Schedule 1 - Reserve Fund and Other Reserves for FY2014**

( ₹ in crores )

| Sr. No. | Particulars   | Opening Balance as on 01.04.2013 | Exp./Add./Adjust. during the year | Transferred From P&L Appropriation | Transferred to P&L Appropriation | Balance as on 31.03.2014 |
|---------|---|----------------------------------|-----------------------------------|------------------------------------|----------------------------------|--------------------------|
| 1       | Reserve Fund  | 9581.58                          | -0.21                             | 1177.73                            | 0.00                             | 10759.10                 |
| 2       | Research and Development Fund   | 50.00                            | 0.00                              | 15.60                              | 15.60                            | 50.00                    |
| 3       | Capital Reserve   | 74.81                            | 0.00                              | 0.00                               | 0.00                             | 74.81                    |
| 4       | Investment Fluctuation Reserve  | 226.25                           | 0.00                              | 524.38                             | 63.93                            | 686.70                   |
| 5       | Co-operative Development Fund   | 103.12                           | 0.00                              | 0.00                               | 9.58                             | 93.53                    |
| 6       | Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961 | 5085.00                          | 0.00                              | 310.00                             | 0.00                             | 5395.00                  |
| 7       | Producers' Organizations Development Fund                                     | 49.61                            | 0.00                              | 0.00                               | 1.83                             | 47.78                    |
| 8       | Rural Infrastructure Promotion Fund   | 23.87                            | 0.00                              | 0.00                               | 1.17                             | 22.70                    |
| 9       | Farm Innovation & Promotion Fund  | 39.94                            | 0.00                              | 0.00                               | 13.01                            | 26.93                    |
|         | <b>Total</b>  | <b>15234.17</b>                  | <b>-0.21</b>                      | <b>2027.71</b>                     | <b>105.12</b>                    | <b>17156.55</b>          |
|         | Previous year   | 13407.69                         | 5.43                              | 2014.73                            | 193.68                           | 15234.17                 |

**Schedule 1 - Reserve Fund and Other Reserves for FY2013**

( ₹ in crores )

| Sr. No. | Particulars   | Opening Balance as on<br>01.04.2012 | Exp./Add./Adjust.<br>during the year | Transferred From P&L<br>Appropriation | Transferred to P&L<br>Appropriation | Balance as on<br>31.03.2013 |
|---------|---|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| 1       | Reserve Fund  | 7,941.73                            | 5.37                                 | 1,634.48                              | 0.00                                | 9,581.58                    |
| 2       | Research and Development Fund   | 50.00                               | 0.00                                 | 17.03                                 | 17.03                               | 50.00                       |
| 3       | Capital Reserve   | 74.81                               | 0.00                                 | 0.00                                  | 0.00                                | 74.81                       |
| 4       | Investment Fluctuation Reserve  | 256.21                              | 0.00                                 | 33.22                                 | 63.18                               | 226.25                      |
| 5       | Co-operative Development Fund   | 125.00                              | 0.00                                 | 0.00                                  | 21.88                               | 103.12                      |
| 6       | Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961 | 4,755.00                            | 0.00                                 | 330.00                                | 0.00                                | 5,085.00                    |
| 7       | Producers' Organizations Development Fund                                     | 49.98                               | 0.02                                 | 0.00                                  | 0.39                                | 49.61                       |
| 8       | Rural Infrastructure Promotion Fund   | 24.96                               | 0.04                                 | 0.00                                  | 1.13                                | 23.87                       |
| 9       | MFDEF - Reserve Fund  | 80.00                               | 0.00                                 | 0.00                                  | 80.00                               | 0.00                        |
| 10      | Farm Innovation & Promotion Fund  | 50.00                               | 0.00                                 | 0.00                                  | 10.06                               | 39.94                       |
|         | <b>Total</b>  | <b>13,407.69</b>                    | <b>5.43</b>                          | <b>2,014.73</b>                       | <b>193.68</b>                       | <b>15,234.17</b>            |
|         | Previous year   | 11,862.72                           | -0.06                                | 1,603.71                              | 58.69                               | 13,407.69                   |

**Schedule 1 - Reserve Fund and Other Reserves for FY2012**

( ₹ in crores )

| Sr. No. | Particulars   | Opening Balance as on<br>01.04.2011 | Exp./Add./Adjust.<br>during the year | Transferred From P&L<br>Appropriation | Transferred to P&L<br>Appropriation | Balance as on<br>31.03.2012 |
|---------|---|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| 1       | Reserve Fund  | 6703.92                             | 0.00                                 | 1237.81                               | 0.00                                | 7941.73                     |
| 2       | Research and Development Fund   | 50.00                               | 0.00                                 | 20.65                                 | 20.65                               | 50.00                       |
| 3       | Capital Reserve   | 74.81                               | 0.00                                 | 0.00                                  | 0.00                                | 74.81                       |
| 4       | Investment Fluctuation Reserve  | 259.00                              | 0.00                                 | 27.15                                 | 29.94                               | 256.21                      |
| 5       | Co-operative Development Fund   | 125.00                              | 0.00                                 | 5.35                                  | 5.35                                | 125.00                      |
| 6       | Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961 | 4445.00                             | 0.00                                 | 310.00                                | 0.00                                | 4755.00                     |
| 7       | Producers' Organizations Development Fund                                     | 50.00                               | -0.02                                | 0.00                                  | 0.00                                | 49.98                       |
| 8       | Rural Infrastructure Promotion Fund   | 25.00                               | -0.04                                | 0.00                                  | 0.00                                | 24.96                       |
| 9       | MFDEF - Reserve Fund  | 80.00                               | 0.00                                 | 0.00                                  | 0.00                                | 80.00                       |
| 10      | Farm Innovation & Promotion Fund  | 50.00                               | 0.00                                 | 2.74                                  | 2.74                                | 50.00                       |
|         | <b>Total</b>  | <b>11862.72</b>                     | <b>-0.06</b>                         | <b>1603.71</b>                        | <b>58.69</b>                        | <b>13407.69</b>             |
|         | Previous year   | 10674.60                            | 0.05                                 | 1378.33                               | 190.26                              | 11862.72                    |

**Schedule 1 - Reserve Fund and Other Reserves for FY2011**

( ₹ in crores )

| <b>Sr.<br/>No.</b> | <b>Particulars</b>  | <b>Opening<br/>Balance as<br/>on<br/>01.04.2010</b> | <b>Additions/adjust<br/>ments<br/>during the year</b> | <b>Transferred<br/>From P&amp;L<br/>Appropriation</b> | <b>Transferr<br/>ed to<br/>P&amp;L<br/>Appropri<br/>ation</b> | <b>Balance as<br/>on<br/>31.03.2011</b> |
|--------------------|---|---|---|---|---|---|
| 1                  | Reserve Fund  | 5902.73   | 0.00  | 801.18  | 0.00  | 6703.92                                 |
| 2                  | Research and Development Fund   | 50.00   | 0.00  | 17.67   | 17.67   | 50.00                                   |
| 3                  | Capital Reserve   | 74.81   | 0.00  | 0.00  | 0.00  | 74.81                                   |
| 4                  | Investment Fluctuation Reserve  | 145.00  | 0.00  | 116.08  | 2.08  | 259.00                                  |
| 5                  | Co-operative Development Fund   | 125.00  | 0.00  | 6.05  | 6.05  | 125.00                                  |
| 6                  | Soft Loan Assistance Fund for Margin Money                                    | 10.00   | 0.00  | 0.00  | 10.00   | 0.00                                    |
| 7                  | Agriculture & Rural Enterprise Incubation Fund                                | 5.00  | 0.00  | 0.00  | 5.00  | 0.00                                    |
| 8                  | Foreign Currency Risk Fund  | 147.06  | 0.00  | 0.00  | 147.06  | 0.00                                    |
| 9                  | Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961 | 4085.00   | 0.00  | 360.00  | 0.00  | 4445.00                                 |
| 10                 | Producers' Organizations Development Fund                                     | 0.00  | 0.00  | 50.00   | 0.00  | 50.00                                   |
| 11                 | Rural Infrastructure Promotion Fund   | 0.00  | 0.00  | 25.00   | 0.00  | 25.00                                   |
| 12                 | MFDEF - Reserve Fund  | 80.00   |   | 0.00  | 0.00  | 80.00                                   |
| 13                 | Farm Innovation & Promotion Fund  | 50.00   | 0.05  | 2.34  | 2.39  | 50.00                                   |
|                    | <b>Total</b>  | <b>10674.60</b>                                     | <b>0.05</b>   | <b>1378.33</b>  | <b>190.26</b>   | <b>11862.72</b>                         |
|                    | Previous year   | 9535.21   | 0.00  | 1154.02   | 14.63   | 10674.60                                |

**Schedule 2 - National Rural Credit Funds for FY2015**

( ₹ in crores )

| Sr. No. | Particulars                                       | Opening Balance as on 01.04.2014 | Contribution by RBI | Transferred from P&L Appropriation | Balance as on 31.03.2015 |
|---------|---|----------------------------------|---------------------|------------------------------------|--------------------------|
| 1       | National Rural Credit (Long Term Operations) Fund | 14483.00                         | 1.00                | 1.00                               | <b>14485.00</b>          |
| 2       | National Rural Credit (Stabilisation) Fund        | 1583.00                          | 1.00                | 1.00                               | <b>1585.00</b>           |
|         | <b>Total</b>                                      | <b>16066.00</b>                  | <b>2.00</b>         | <b>2.00</b>                        | <b>16070.00</b>          |
|         | Previous year                                     | 16062.00                         | 2.00                | 2.00                               | 16066.00                 |

**Schedule 2 - National Rural Credit Funds for FY2014**

( ₹ in crores )

| Sr. No. | Particulars                                       | Opening Balance as on 01.04.2013 | Contribution by RBI | Transferred from P&L Appropriation | Balance as on 31.03.2014 |
|---------|---|----------------------------------|---------------------|------------------------------------|--------------------------|
| 1       | National Rural Credit (Long Term Operations) Fund | 14481.00                         | 1.00                | 1.00                               | <b>14483.00</b>          |
| 2       | National Rural Credit (Stabilisation) Fund        | 1581.00                          | 1.00                | 1.00                               | <b>1583.00</b>           |
|         | <b>Total</b>                                      | <b>16062.00</b>                  | <b>2.00</b>         | <b>2.00</b>                        | <b>16066.00</b>          |
|         | Previous year                                     | 16058.00                         | 2.00                | 2.00                               | 16062.00                 |

**Schedule 2 - National Rural Credit Funds for FY2013**

( ₹ in crores )

| Sr. No. | Particulars                                       | Opening Balance as on 01.04.2012 | Contribution by RBI | Transferred from P&L Appropriation | Balance as on 31.03.2013 |
|---------|---|----------------------------------|---------------------|------------------------------------|--------------------------|
| 1       | National Rural Credit (Long Term Operations) Fund | <b>14,479.00</b>                 | 1.00                | 1.00                               | <b>14,481.00</b>         |
| 2       | National Rural Credit (Stabilisation) Fund        | <b>1,579.00</b>                  | 1.00                | 1.00                               | <b>1,581.00</b>          |
|         | <b>Total</b>                                      | <b>16,058.00</b>                 | <b>2.00</b>         | <b>2.00</b>                        | <b>16,062.00</b>         |
|         | Previous year                                     | 16,045.00                        | 2.00                | 110.00                             | 16,058.00                |

**Schedule 2 - National Rural Credit Funds for FY12**

( ₹ in crores )

| Sr. No. | Particulars                                       | Opening Balance as on 01.04.2011 | Contribution by RBI | Transferred from P&L Appropriation | Balance as on 31.03.2012 |
|---------|---|----------------------------------|---------------------|------------------------------------|--------------------------|
| 1       | National Rural Credit (Long Term Operations) Fund | 14468.00                         | 1.00                | 10.00                              | <b>14479.00</b>          |
| 2       | National Rural Credit (Stabilisation) Fund        | 1577.00                          | 1.00                | 1.00                               | <b>1579.00</b>           |
|         | <b>Total</b>                                      | <b>16045.00</b>                  | <b>2.00</b>         | <b>11.00</b>                       | <b>16058.00</b>          |
|         | Previous year                                     | 15983.00                         | 2.00                | 60.00                              | 16045.00                 |

**Schedule 2 - National Rural Credit Funds for FY11**

( ₹ in crores )

| <b>Sr. No.</b> | <b>Particulars</b>                                | <b>Opening Balance as on 01.04.2010</b> | <b>Contribution by RBI</b> | <b>Transferred from P&amp;L Appropriation</b> | <b>Balance as on 31.03.2011</b> |
|----------------|---|---|----------------------------|---|---------------------------------|
| 1              | National Rural Credit (Long Term Operations) Fund | 14417.00                                | 1.00                       | 50.00   | 14468.00                        |
| 2              | National Rural Credit (Stabilisation) Fund        | 1566.00                                 | 1.00                       | 10.00   | 1577.00                         |
|                | <b>Total</b>                                      | <b>15983.00</b>                         | <b>2.00</b>                | <b>60.00</b>                                  | <b>16045.00</b>                 |
|                | Previous year                                     | 15571.00                                | 2.00                       | 410.00  | 15983.00                        |

**Schedule 3 - Funds Out of Grants received from International Agencies for FY15**

(₹ in crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2014 | Grants received / adjusted during the year | Interest credited to the fund | Exp./Disb./Adjust. during the year * | Balance as on 31.03.2015 |
|---------|--|----------------------------------|--|-------------------------------|--------------------------------------|--------------------------|
| 1       | National Bank - Swiss Development Coop. Project                              | 55.62                            | 0.00                                       | 0.00                          | 0.00                                 | 55.62                    |
| 2       | Rural Innovation Fund (RIF) (Refer Note B-1 & 5 of Schedule 18)              | 50.40                            | 0.00                                       | 3.00                          | 53.40                                | 0.00                     |
| 3       | Rural Promotion Fund (Refer Note B-1 of Schedule 18)                         | 11.47                            | 2.48                                       | 0.00                          | 13.96                                | 0.00                     |
| 4       | RPF & RIF - Off-Farm Sector Promotion Fund @ (Refer Note B-1 of Schedule 18) |                                  | 66.05                                      |                               | 9.50                                 | 56.55                    |
| 5       | KfW - NABARD V Fund for Adivasi Programme (Refer Note B-5 of Schedule 18)    | 1.56                             | 0.78                                       | 0.08                          | 0.63                                 | 1.80                     |
|         | <b>Total</b>   | <b>119.05</b>                    | <b>69.32</b>                               | <b>3.08</b>                   | <b>77.49</b>                         | <b>113.96</b>            |
|         | Previous year  | 125.38                           | 1.59                                       | 3.13                          | 11.05                                | 119.05                   |

1 @ - being ₹ 52.09 crores transferred from Rural Innovation Fund and ₹ 13.96 crores transferred from Rural Promotion Fund to RPF & RIF - Off Farm Sector promotion Fund in accordance with the resolution of the Board.

2 \* - **Includes approved claims of reimbursements pending disbursements**

3 NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

**Schedule 3 - Funds Out of Grants received from International Agencies for FY14**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2013 | Grants received / adjusted during the year | Interest credited to the fund | Exp./Disb./Adjust. during the year* | Balance as on 31.03.2014 |
|---------|---|----------------------------------|--|-------------------------------|-------------------------------------|--------------------------|
| 1       | National Bank - Swiss Development Coop. Project                 | 55.62                            | 0.00                                       | 0.00                          | 0.00                                | 55.62                    |
| 2       | Rural Innovation Fund (RIF) (Refer Note B-2 & 8 of Schedule 18) | 55.90                            | 0.00                                       | 3.09                          | 8.59                                | 50.40                    |
| 3       | Rural Promotion Fund (Refer Note B-2 & 8 of Schedule 18)        | 10.55                            | 1.63                                       | 0.00                          | 0.71                                | 11.47                    |
| 4       | KfW - NABARD V Fund for Adivasi Programme                       | 3.32                             | 0.00                                       | 0.00                          | 1.76                                | 1.56                     |



|  |               |               |             |             |              |               |
|--|---------------|---------------|-------------|-------------|--------------|---------------|
|  | <b>Total</b>  | <b>125.38</b> | <b>1.63</b> | <b>3.09</b> | <b>11.05</b> | <b>119.05</b> |
|  | Previous year | 139.21        | 5.86        | 3.65        | 23.34        | 125.38        |

\* - Includes approved claims of reimbursements pending disbursements

NABARD is acting as a banker / custodian / trustee on behalf of GOI /RBI/ Other Entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

**Schedule 3 - Funds Out of Grants received from International Agencies for FY13**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2012 | Grants received / adjusted during the year | Interest credited to the fund | Exp./disb./Adjust. during the year * | Balance as on 31.03.2013 |
|---------|---|----------------------------------|--|-------------------------------|--------------------------------------|--------------------------|
|         |   |                                  |  |                               |                                      |                          |
| 1       | National Bank - Swiss Development Coop. Project                 | 55.62                            | 0.00                                       | 0.00                          | 0.00                                 | 55.62                    |
| 2       | Rural Innovation Fund (RIF) (Refer Note B-1 & 3 of Schedule 18) | 67.58                            | 0.00                                       | 3.63                          | 15.32                                | 55.90                    |
| 3       | Rural Promotion Fund (Refer Note B-1 & 3 of Schedule 18)        | 9.88                             | 0.65                                       | 0.02                          | 0.00                                 | 10.55                    |
| 4       | KfW - NABARD V Fund for Adivasi Programme                       | 6.13                             | 5.21                                       | 0.00                          | 8.02                                 | 3.32                     |
|         | <b>Total</b>  | <b>139.21</b>                    | <b>5.86</b>                                | <b>3.65</b>                   | <b>23.34</b>                         | <b>125.38</b>            |
|         | Previous year   | 138.90                           | 5.87                                       | 4.72                          | 10.28                                | 139.21                   |

\* - Includes approved claims of reimbursements pending disbursements

**Schedule 3 - Funds Out of Grants received from International Agencies for FY12**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2011 | Grants received / adjusted during the year | Interest credited to the fund | Exp./Disb./Adjust. during the year | Balance as on 31.03.2012 |
|---------|---|----------------------------------|--|-------------------------------|------------------------------------|--------------------------|
| 1       | National Bank - Swiss Development Coop. Project                 | 55.62                            | 0.00                                       | 0.00                          | 0.00                               | 55.62                    |
| 2       | Rural Innovation Fund (RIF) (Refer Note B-2 & 8 of Schedule 18) | 73.16                            | 0.00                                       | 4.67                          | 10.25                              | 67.58                    |
| 3       | Rural Promotion Fund (Refer Note B-2 & 8 of Schedule 18)        | 9.19                             | 0.63                                       | 0.05                          | 0.00                               | 9.88                     |
| 4       | KfW - NABARD V Fund for Adivasi Programme                       | 0.92                             | 5.24                                       | 0.00                          | 0.03                               | 6.13                     |
|         | <b>Total</b>  | <b>138.90</b>                    | <b>5.87</b>                                | <b>4.72</b>                   | <b>10.28</b>                       | <b>139.21</b>            |
|         | Previous year   | 149.88                           | 16.39                                      | 4.15                          | 31.53                              | 138.90                   |

**Schedule 3 - Funds Out of Grants received from International Agencies for FY11**

(₹ in crores)

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>Opening Balance as on 01.04.2010</b> | <b>Grants received / adjusted during the year</b> | <b>Interest credited to the fund</b> | <b>Exp./Disb./Adjust. during the year</b> | <b>Balance as on 31.03.2011</b> |
|----------------|---|---|---|--------------------------------------|---|---------------------------------|
| 1              | National Bank - Swiss Development Coop. Project                 | 55.62                                   | 0.00  | 0.00                                 | 0.00                                      | 55.62                           |
| 2              | Rural Innovation Fund (RIF) (Refer Note B-2 & 8 of Schedule 18) | 83.31                                   | 0.00  | 4.14                                 | 14.28                                     | 73.16                           |
| 3              | Rural Promotion Fund (Refer Note B-2 & 8 of Schedule 18)        | 8.05                                    | 0.79  | 0.01                                 | -0.34                                     | 9.19                            |
| 4              | KfW - NABARD V Fund for Adivasi Programme                       | 2.90                                    | 15.60   | 0.00                                 | 17.58                                     | 0.92                            |
|                | <b>Total</b>  | <b>149.88</b>                           | <b>16.39</b>                                      | <b>4.15</b>                          | <b>31.53</b>                              | <b>138.90</b>                   |
|                | Previous year   | 154.82                                  | 16.32   | 4.74                                 | 26.00                                     | 149.88                          |

**Schedule 4 - Gifts, Grants, Donations and Benefactions for FY15**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2014 | Grant received during the year | Interest Credited to the fund | Refunded / Adjusted against the expenditure* | Balance as on 31.03.2015 |
|---------|---|----------------------------------|--------------------------------|-------------------------------|--|--------------------------|
| A.      | Grants from International Agencies  |                                  |                                |                               |  |                          |
| 1       | KfW - NB - IX Adivasi Development Programme - Maharashtra ( Refer Note B-5 of Schedule 18)                    | 3.56                             | 0.07                           | 0.38                          | 0.07   | 3.93                     |
| 2       | KfW UPNRM - Accompanying Measures (Refer Note B-5 of Schedule 18)   | 0.00                             | 7.93                           | 0.18                          | 4.59   | 3.53                     |
| 3       | KfW NB UPNRM - Financial Contribution (Refer Note B-6 of Schedule 18)   | 0.00                             | 0.41                           | 0.00                          | 0.41   | 0.00                     |
| 4       | KfW UPNRM - Risk Mitigation Fund (Refer Note B-4 of Schedule 18)  | 2.74                             | 0.00                           | 0.00                          | 2.74   | 0.00                     |
| 5       | International Fund for Agriculture Development (IFAD) Priyadarshini (Refer Note B-6 of Schedule 18)           | 0.00                             | 4.50                           | 0.00                          | 4.50   | 0.00                     |
| 6       | KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra ( Refer Note B-5 of Schedule 18) | 0.48                             | 0.00                           | 0.05                          | 0.20   | 0.32                     |
| 7       | Indo German Watershed Development Programme - Andhra Pradesh ( Refer Note B-5 & 6 of Schedule 18)             | 0.00                             | 6.33                           | 0.02                          | 6.35   | 0.00                     |
| 8       | Indo German Watershed Development Programme - Gujarat ( Refer Note B-5 of Schedule 18)                        | 0.00                             | 10.51                          | 0.01                          | 10.15  | 0.36                     |
| 9       | Indo German Watershed Development Programme - Rajasthan ( Refer Note B-5 & 6 of Schedule 18)                  | 0.00                             | 9.73                           | 0.01                          | 9.74   | 0.00                     |
| 10      | KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B-4 of Schedule 18)                    | 12.51                            | 0.00                           | 0.00                          | 12.51  | 0.00                     |
| 11      | GIZ Rural Financial Institutions Program (RFIP)   | 0.13                             | 1.59                           | 0.00                          | 0.49   | 1.23                     |
| 12      | GIZ UPNRM Technical Coraboration (Refer Note B-6 of Schedule 18)  | 0.16                             | 0.66                           | 0.00                          | 0.82   | 0.00                     |
| B.      | Government Subsidy Schemes  |                                  |                                |                               |  |                          |

|    |   |       |        |      |        |       |
|----|---|-------|--------|------|--------|-------|
| 1  | Capital Investment Subsidy for Cold Storage Projects - NHB  | 1.44  | 0.00   | 0.00 | 0.00   | 1.44  |
| 2  | Capital Subsidy for Cold Storage TM North East  | 0.00  | 0.00   | 0.00 | -0.08  | 0.08  |
| 3  | Credit Linked Capital Subsidy for Technology Upgradation of SSIs  | 0.56  | 4.74   | 0.00 | 5.30   | 0.00  |
| 4  | Capital Investment Subsidy for Rural Godowns  | 2.69  | 0.00   | 0.00 | 2.69   | 0.00  |
| 5  | On-farm Water Management for Crop Production  | 0.07  | 0.00   | 0.00 | 0.00   | 0.07  |
| 6  | Bihar Ground Water Irrigation Scheme (BIGWIS)   | 77.29 | 0.00   | 0.00 | 0.03   | 77.26 |
| 7  | Cattle Development Programme - Uttar Pradesh ( Refer Note B-5 of Schedule 18)                                       | 0.02  | 0.00   | 0.00 | 0.00   | 0.02  |
| 8  | Cattle Development Programme - Bihar ( Refer Note B-5 of Schedule 18)   | 0.05  | 0.00   | 0.00 | 0.00   | 0.05  |
| 9  | National Project on Organic Farming   | 0.80  | 3.78   | 0.00 | 1.55   | 3.03  |
| 10 | Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana   | 4.29  | 0.00   | 0.00 | 0.00   | 4.29  |
| 11 | Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits                                 | 0.52  | 62.39  | 0.00 | 41.11  | 21.80 |
| 12 | Kutch Drought Proofing Project  | 0.22  | 0.00   | 0.00 | 0.00   | 0.22  |
| 13 | Dairy and Poultry Venture Capital Fund  | 5.75  | 0.00   | 0.00 | -9.36  | 15.11 |
| 14 | Poultry Venture Capital Fund  | 4.00  | 0.00   | 0.00 | -1.00  | 5.01  |
| 15 | Poultry Venture Capital Fund (Subsidy)  | 11.28 | 55.35  | 0.00 | 47.99  | 18.64 |
| 16 | Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation                               | 27.55 | 0.00   | 0.00 | 27.55  | 0.00  |
| 17 | ISAM - Agricultural Marketing Infrastructure (Refer Note B-3 of Schedule 18)  | 0.00  | 663.32 |      | 568.64 | 94.68 |
| 18 | Centrally Sponsored Scheme for establishing Poultry Estate  | 3.17  | 0.00   | 0.00 | 0.18   | 2.99  |
| 19 | Climate Change - (AFB) - Project Formulation Grant  | 0.00  | 0.54   |      | 0.35   | 0.19  |
| 20 | Climate Change - (AFB) - Project / Programme Implementation a/c   | 0.00  | 3.40   |      |        | 3.40  |
| 21 | Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh ( Refer Note B-5 of Schedule 18)         | 0.04  | 0.00   | 0.00 | 0.00   | 0.05  |
| 22 | Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh ( Refer Note B-5 of Schedule 18) | 0.01  | 0.00   | 0.00 | 0.00   | 0.01  |

|   |  |        |        |      |        |        |
|---|--|--------|--------|------|--------|--------|
| 23  | CCS - on Pig Development   | 4.95   | 21.50  | 0.00 | 23.19  | 3.25   |
| 24  | Dairy Entrepreneurship development Scheme  | 48.43  | 154.59 | 0.00 | 170.59 | 32.43  |
| 25  | CCS - S & R Male Buffaloe calves   | 0.00   | 0.25   | 0.00 | 0.24   | 0.01   |
| 26  | CSS - JNN Solar Mission  | 7.75   | 0.00   | 0.00 | 2.24   | 5.51   |
| 27  | CSS - JNN SM - Solar Lighting a/c - subsidy recd   | 1.07   | 0.00   | 0.00 | -0.12  | 1.19   |
| 28  | CSS - Solar Photovoltaic Water Pumping   | 0.00   | 120.00 |      | 4.46   | 115.54 |
| 29  | Capital Subsidy Scheme - Agri Clinics Agri Business Centres  | 2.75   | 8.09   | 0.00 | 8.17   | 2.67   |
| 30  | Artificial Recharge of Groundwater in Hard Rock Area   | 0.00   | 0.00   | 0.00 | -1.34  | 1.34   |
| C. Government Schemes   |  |        |        |      |        |        |
| 1   | Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008  | 262.67 | 0.00   | 0.00 | -15.47 | 278.13 |
| 2   | Women's Self Help Groups [SHGs] Development Fund   | 149.80 | 0.00   | 0.00 | 16.63  | 133.18 |
| 3   | PRODUCE FUND   | 0.00   | 200.00 |      | 1.00   | 199.00 |
| 4   | Revival of 23 unlicensed DCCBs   |        | 562.07 |      | 258.75 | 303.32 |
| D. Interest Relief / Subvention                               |  |        |        |      |        |        |
| 1   | Interest Subvention (Sugar Term Loan)  | 8.67   | 0.00   | 0.00 | 8.59   | 0.08   |
| 2   | Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)             | 0.65   | 0.00   | 0.00 | 0.00   | 0.65   |
| E. Revival Package of Short Term Cooperative Credit Structure |  |        |        |      |        |        |
| 1   | Cost of Special Audit  | 0.00   | 0.00   | 0.00 | 0.00   | 0.00   |
| 2   | Recapitalisation Assistance to Credit Cooperative Societies  | 0.00   | 0.00   | 0.00 | 0.00   | 0.00   |
| 3   | Technical Assistance   | 0.00   | 0.00   | 0.00 | 0.00   | 0.00   |
| F.  | Revival Package for Long Term Co-operative Credit Structure (LTCCS)                                | 20.00  | 0.00   | 0.00 | 0.00   | 20.00  |
| G. Revival reform and Restructure of Handloom Sector          |  |        |        |      |        |        |
| 1   | Implementation Cost [RRR - Handloom Package ] a/c - grant received (Refer Note B-6 of Schedule 18) | 0.00   | 0.00   | 0.00 | 0.00   | 0.00   |
| 2   | Expenditure on Loss Asset [RRR - Handloom Package] a/c - grant received                            | 1.50   | 0.00   | 0.00 | 0.25   | 1.25   |
| 3   | Recap Assist [RRR - Handloom Package] to AWCS a/c -  | 124.16 | 18.79  |      | 53.82  | 89.13  |
| 4   | Recap Assist [RRR - Handloom Package] to PWCS a/c -  | 62.72  | 24.80  |      | 56.90  | 30.62  |
| 5   | Recap Assist [RRR - Handloom Package] to individual weaver a/c -                                   | 36.28  | 0.74   |      | 1.72   | 35.31  |

|    |   |        |         |      |         |         |
|----|---|--------|---------|------|---------|---------|
| 6  | Technical Assistance [RRR - Handloom Package] (Refer Note B-6 of Schedule 18)                 | 2.00   | 1.37    |      | 3.37    | 0.00    |
| 7  | HRD [RRR - Handloom Package]  | 1.85   | 0.00    |      | 0.18    | 1.67    |
| 8  | Interest Subvention [RRR - Handloom Package](Refer Note B-6 of Schedule 18)                   | 0.00   | 0.00    |      | 0.00    | 0.00    |
| 9  | Comprehensive Handloom Package  | 0.79   | 19.50   |      | 18.80   | 1.49    |
| H. | Centre for Professional Excellence in Co-operatives - (C-PEC) (Refer Note B-5 of Schedule 18) | 1.10   | 0.51    | 0.14 | 0.20    | 1.56    |
|    | Total   | 896.48 | 1967.47 | 0.81 | 1349.71 | 1515.05 |
|    | Previous year   | 977.40 | 1413.61 | 0.32 | 1494.85 | 896.48  |

\* Includes approved claims of reimbursements pending disbursements

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of **contribution made by them and accrued interest on unutilized balances, wherever applicable.**

#### Schedule 4 - Gifts, Grants, Donations and Benefactions for FY14

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2013 | Grant received during the year | Interest Credited to the fund | Refunded / Adjusted against the expenditure* | Balance as on 31.03.2014 |
|---------|---|----------------------------------|--------------------------------|-------------------------------|--|--------------------------|
| A.      | Grants from International Agencies  |                                  |                                |                               |  |                          |
| 1       | KfW - NB - IX Adivasi Development Programme - Maharashtra ( Refer Note B-8 of Schedule 18)                    | 3.35                             | 0.01                           | 0.20                          | 0.00   | 3.56                     |
| 2       | KfW UPNRM - Accompanying Measures*  | 0.18                             | 2.94                           | 0.00                          | 3.12   | 0.00                     |
| 3       | KfW NB UPNRM - Financial Contribution   | -0.01                            | 0.07                           | 0.00                          | 0.06   | 0.00                     |
| 4       | KfW UPNRM - Risk Mitigation Fund  | 2.50                             | 1.43                           | 0.00                          | 1.18   | 2.74                     |
| 5       | International Fund for Agriculture Development (IFAD) Priyadarshini   | 0.27                             | 11.25                          | 0.00                          | 11.52  | 0.00                     |
| 6       | KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra ( Refer Note B-8 of Schedule 18) | 1.36                             | 0.00                           | 0.05                          | 0.93   | 0.48                     |
| 7       | Indo German Watershed Development Programme - Andhra Pradesh ( Refer Note B-8 of Schedule 18)                 | 0.00                             | 6.72                           | 0.01                          | 6.74   | 0.00                     |

|                               |   |        |        |      |        |       |
|-------------------------------|---|--------|--------|------|--------|-------|
| 8                             | Indo German Watershed Development Programme - Gujarat ( Refer Note B-8 of Schedule 18)    | 0.00   | 5.44   | 0.00 | 5.44   | 0.00  |
| 9                             | Indo German Watershed Development Programme - Rajasthan ( Refer Note B-8 of Schedule 18)  | 0.00   | 5.06   | 0.00 | 5.06   | 0.00  |
| 10                            | KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B3 of Schedule 18) | 11.74  | 3.01   | 0.00 | 2.24   | 12.51 |
| 11                            | GIZ Rural Financial Institutions Program (RFIP)   | 0.49   | 0.42   | 0.00 | 0.78   | 0.13  |
| 12                            | GIZ UPNRM Technical Coraboration  | 0.26   | 0.58   | 0.00 | 0.68   | 0.16  |
| B. Government Subsidy Schemes |   |        |        |      |        |       |
| 1                             | Capital Investment Subsidy for Cold Storage Projects - NHB                                | 0.99   | 15.56  | 0.00 | 15.10  | 1.44  |
| 2                             | Capital Subsidy for Cold Storage TM North East  | 0.00   | 0.33   | 0.00 | 0.33   | 0.00  |
| 3                             | Credit Linked Capital Subsidy for Technology Upgradation of SSIs                          | 0.00   | 12.80  | 0.00 | 12.23  | 0.56  |
| 4                             | Capital Investment Subsidy for Rural Godowns  | 70.21  | 301.12 | 0.00 | 368.63 | 2.69  |
| 5                             | On-farm Water Management for Crop Production  | 0.00   | 0.00   | 0.00 | -0.07  | 0.07  |
| 6                             | Bihar Ground Water Irrigation Scheme (BIGWIS)   | 104.60 | 0.00   | 0.00 | 27.30  | 77.29 |
| 7                             | Cattle Development Programme - Uttar Pradesh ( Refer Note B-8 of Schedule 18)             | 0.02   | 0.00   | 0.00 | 0.00   | 0.02  |
| 8                             | Cattle Development Programme - Bihar ( Refer Note B-8 of Schedule 18)                     | 0.04   | 0.00   | 0.00 | 0.00   | 0.05  |
| 9                             | National Project on Organic Farming   | 1.15   | 3.00   | 0.00 | 3.35   | 0.80  |
| 10                            | Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana                   | 4.02   | 0.00   | 0.00 | -0.28  | 4.29  |
| 11                            | Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits       | 0.68   | 6.14   | 0.00 | 6.30   | 0.52  |
| 12                            | Kutch Drought Proofing Project  | 0.22   | 0.00   | 0.00 | 0.00   | 0.22  |
| 13                            | Dairy and Poultry Venture Capital Fund  | 16.15  | 0.00   | 0.00 | 10.41  | 5.75  |
| 14                            | Poultry Venture Capital Fund  | 4.18   | 0.00   | 0.00 | 0.17   | 4.00  |
| 15                            | Poultry Venture Capital Fund (Subsidy)  | 5.01   | 40.00  | 0.00 | 33.73  | 11.28 |

|    |   |        |        |      |         |              |
|----|---|--------|--------|------|---------|--------------|
| 16 | Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation                               | 46.06  | 200.96 | 0.00 | 219.47  | 27.55        |
| 17 | Centrally Sponsored Scheme for establishing Poultry Estate  | 3.35   | -0.18  | 0.00 | 0.00    | 3.17         |
| 18 | Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh ( Refer Note B-8 of Schedule 18)         | 0.04   | 0.00   | 0.00 | 0.00    | 0.04         |
| 19 | Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh ( Refer Note B-8 of Schedule 18) | 0.01   | 0.00   | 0.00 | 0.00    | 0.01         |
| 20 | CCS - on Pig Development  | 4.83   | 7.80   | 0.00 | 7.68    | 4.95         |
| 21 | Dairy Entrepreneurship development Scheme   | 183.49 | 284.30 | 0.00 | 419.36  | 48.43        |
| 22 | CSS - JNN Solar Mission<br>CSS - For PE & Mother Unit on RB Poultry   | 9.67   | 0.00   | 0.00 | 1.92    | 7.75<br>0.00 |
| 23 | CSS - JNN SM - Solar Lighting a/c - subsidy recd  | 50.83  | 23.71  | 0.00 | 73.47   | 1.07         |
| 24 | CSS - on Rural Slaughter Houses   | 0.10   | -0.10  | 0.00 | 0.00    | 0.00         |
| 25 | Capital Subsidy Scheme - Agri Clinics Agri Business Centres   | 2.37   | 8.75   | 0.00 | 8.37    | 2.75         |
| 26 | Artificial Recharge of Groundwater in Hard Rock Area  | 25.42  | 0.00   | 0.00 | 25.42   | 0.00         |
| 27 | Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008   | 104.92 | 0.00   | 0.00 | -157.75 | 262.67       |
| 28 | Women's Self Help Groups [SHGs] Development Fund  | 83.01  | 84.18  | 0.00 | 17.39   | 149.80       |
| C. | Interest Relief / Subvention  |        |        |      |         |              |
| 1  | Interest Subvention (Sugar Term Loan)   | 0.46   | 9.60   | 0.00 | 1.39    | 8.67         |
| 2  | Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)                              | 0.17   | 79.31  | 0.00 | 78.83   | 0.65         |
| D  | Revival Package of Short Term Cooperative Credit Structure  |        |        |      |         |              |
| 1  | Human Resources Development   | 0.04   | -0.04  | 0.00 | 0.00    | 0.00         |
| 2  | Implementation Cost   | 0.09   | -0.07  | 0.00 | 0.01    | 0.00         |
| E  | Revival Package for Long Term Co-operative Credit Structure (LTCCS)   | 20.00  | 0.00   | 0.00 | 0.00    | 20.00        |
| F  | Revival reform and Restructure of Handloom Sector   |        |        |      |         |              |



|   |   |               |                |             |                |               |
|---|---|---------------|----------------|-------------|----------------|---------------|
| 1 | Implementation Cost [RRR - Handloom Package ] a/c - grant received      | -1.53         | 0.00           | 0.00        | -1.53          | 0.00          |
| 2 | Expenditure on Loss Asset [RRR - Handloom Package] a/c - grant received | 2.80          | 0.00           | 0.00        | 1.30           | 1.50          |
| 3 | Recap Assist [RRR - Handloom Package] to AWCS a/c -                     | 61.73         | 94.30          |             | 31.88          | 124.16        |
| 4 | Recap Assist [RRR - Handloom Package] to PWCS a/c -                     | 102.03        | 203.60         |             | 242.91         | 62.72         |
| 5 | Recap Assist [RRR - Handloom Package] to individual weaver a/c -        | 33.26         | 1.28           |             | -1.75          | 36.28         |
| 6 | Technical Assistance [RRR - Handloom Package]                           | 2.00          | 0.00           |             |                | 2.00          |
| 7 | HRD [RRR - Handloom Package]  | 1.93          | 0.00           |             | 0.08           | 1.85          |
| 8 | Interest Subvention [RRR - Handloom Package]                            | 0.04          | 0.00           |             | 0.04           | 0.00          |
| 9 | Comprehensive Handloom Package  | 12.05         | -0.21          |             | 11.05          | 0.79          |
|   | Centre for Professional Excellence in Co-operatives - (C-PEC)           | 0.84          | 0.53           | 0.06        | 0.33           | 1.10          |
|   | <b>Total</b>  | <b>977.40</b> | <b>1413.61</b> | <b>0.32</b> | <b>1494.85</b> | <b>896.48</b> |
|   | Previous year   | 657.92        | 1577.42        | 0.44        | 1258.38        | 977.40        |

Includes approved claims of reimbursements pending disbursements

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

\* Includes ₹1.02 crores being income taxes paid including interest

#### Schedule 4 - Gifts, Grants, Donations and Benefactions for FY13

(₹ in crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2012 | Grant received/ adjusted during the year | Interest Credited to the fund | Adjusted against the expenditure* | Balance as on 31.03.2013 |
|---------|--|----------------------------------|--|-------------------------------|-----------------------------------|--------------------------|
| A.      | Grants from International Agencies   |                                  |  |                               |                                   |                          |
| 1       | KfW - NB - IX Adivasi Development Programme - Maharashtra ( Refer Note B-3 of Schedule 18) | 1.76                             | 1.44                                     | 0.16                          | 0.02                              | 3.35                     |
| 2       | KfW UPNRM - Accompanying Measures  | 0.30                             | 3.16                                     | 0.01                          | 3.28                              | 0.18                     |
| 3       | KfW NB UPNRM - Financial Contribution  | 0.93                             | -0.92                                    | 0.00                          | 0.01                              | -0.01                    |
| 4       | KfW UPNRM - Risk Mitigation  | 1.36                             | 1.14                                     | 0.00                          | 0.00                              | 2.50                     |

|    |   |        |        |      |        |        |
|----|---|--------|--------|------|--------|--------|
|    | Fund  |        |        |      |        |        |
| 5  | International Fund for Agriculture Development (IFAD) Priyadarshini   | 0.00   | 9.23   | 0.00 | 8.96   | 0.27   |
| 6  | KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra ( Refer Note B-3 of Schedule 18) | 0.00   | 14.72  | 0.12 | 13.48  | 1.36   |
| 7  | Indo German Watershed Development Programme - Andhra Pradesh ( Refer Note B-8 of Schedule 18)                 | 0.00   | 11.03  | 0.01 | 11.04  | 0.00   |
| 8  | Indo German Watershed Development Programme - Gujarat ( Refer Note B-3 of Schedule 18)                        | 0.00   | 6.69   | 0.01 | 6.70   | 0.00   |
| 9  | Indo German Watershed Development Programme - Rajasthan ( Refer Note B-3 of Schedule 18)                      | 0.00   | 7.71   | 0.00 | 7.72   | 0.00   |
| 10 | KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B-3 of Schedule 18)                    | 9.77   | 2.29   | 0.00 | 0.33   | 11.74  |
| 11 | KfW NB SEWA Bank Capitalisation of Rural Financial Institutions (RFIs)  | 0.00   | 6.86   | 0.00 | 6.86   | 0.00   |
| 12 | GIZ Rural Financial Institutions Program (RFIP)   | 0.98   | 0.98   | 0.00 | 1.48   | 0.49   |
| 13 | GIZ UPNRM Technical Coraboration  | 0.27   | 0.52   | 0.00 | 0.54   | 0.26   |
|    | B. Government Subsidy Schemes   |        |        |      |        |        |
| 1  | Capital Investment Subsidy for Cold Storage Projects - NHB  | 3.90   | 28.36  | 0.00 | 31.27  | 0.99   |
| 2  | Capital Subsidy for Cold Storage NHM  | 0.10   | 0.00   | 0.00 | 0.10   | 0.00   |
| 3  | Credit Linked Capital Subsidy for Technology Upgradation of SSIs  | 0.00   | 13.99  | 0.00 | 13.99  | 0.00   |
| 4  | Capital Investment Subsidy for Rural Godowns  | 11.70  | 294.74 | 0.00 | 236.24 | 70.21  |
| 5  | Bihar Ground Water Irrigation Scheme (BIGWIS)   | 150.50 | 0.00   | 0.00 | 45.91  | 104.60 |
| 6  | Cattle Development Programme - Uttar Pradesh ( Refer Note B-3 of Schedule 18)                                 | 0.02   | 0.00   | 0.00 | 0.00   | 0.02   |
| 7  | Cattle Development Programme - Bihar ( Refer Note B-3 of Schedule 18)   | 1.78   | 0.00   | 0.04 | 1.78   | 0.04   |
| 8  | National Project on Organic Farming   | 0.48   | 1.10   | 0.00 | 0.42   | 1.15   |
| 9  | Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana                                       | 7.06   | 0.00   | 0.00 | 3.05   | 4.02   |

|    |   |        |         |      |        |              |
|----|---|--------|---------|------|--------|--------------|
| 10 | Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits                                 | 0.30   | 8.46    | 0.00 | 8.08   | 0.68         |
| 11 | Kutch Drought Proofing Project  | 0.22   | 0.00    | 0.00 | 0.00   | 0.22         |
| 12 | Dairy and Poultry Venture Capital Fund  | 17.28  | 0.00    | 0.00 | 1.13   | 16.15        |
| 13 | Poultry Venture Capital Fund  | 1.83   | 2.35    | 0.00 |        | 4.18         |
| 14 | Poultry Venture Capital Fund (Subsidy)  | 0.85   | 23.21   | 0.00 | 19.06  | 5.01         |
| 15 | Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation                               | 3.12   | 221.00  | 0.00 | 178.06 | 46.06        |
| 16 | Centrally Sponsored Scheme for establishing Poultry Estate  | 8.25   | -4.90   | 0.00 | 0.00   | 3.35         |
| 17 | Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh ( Refer Note B-3 of Schedule 18)         | 0.54   | 0.00    | 0.04 | 0.54   | 0.04         |
| 18 | Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh ( Refer Note B-3 of Schedule 18) | 0.14   | 0.00    | 0.01 | 0.14   | 0.01         |
| 19 | CCS - on Pig Development  | 0.57   | 12.59   | 0.00 | 8.33   | 4.83         |
| 20 | Dairy Entrepreneurship development Scheme   | 19.70  | 310.00  | 0.00 | 146.22 | 183.49       |
| 21 | CSS - JNN Solar Mission<br>CSS - For PE & Mother Unit on RB Poultry   | 19.29  | -2.90   | 0.00 | 6.72   | 9.67<br>0.00 |
| 22 | CSS - JNNSM - Solar Lighting a/c - subsidy recd   | 46.80  | 50.00   | 0.00 | 45.97  | 50.83        |
| 23 | CSS - on Rural Slaughter Houses   | 0.10   | 0.00    | 0.00 | 0.00   | 0.10         |
| 24 | Capital Subsidy Scheme - Agri Clinics Agri Business Centres   | 1.90   | 8.36    | 0.00 | 7.88   | 2.37         |
| 25 | Artificial Recharge of Groundwater in Hard Rock Area  | 23.86  | 1.55    | 0.00 |        | 25.42        |
| 26 | Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008   | 191.90 | -110.29 | 0.00 | -23.31 | 104.92       |
| 27 | Women's Self Help Groups [SHGs] Development Fund  | 100.00 | 0.00    | 0.00 | 16.99  | 83.01        |
| C. | Interest Relief / Subvention  |        |         |      |        |              |
| 1  | Interest Subvention (Sugar Term Loan)   | 0.11   | 35.51   | 0.00 | 35.16  | 0.46         |
| 2  | Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)                              | 0.45   | 0.00    | 0.00 | 0.28   | 0.17         |

|   |  |         |         |      |         |        |  |
|---|--|---------|---------|------|---------|--------|--|
| D | Revival Package of Short Term Cooperative Credit Structure                                     |         |         |      |         |        |  |
| 1 | Recapitalisation Assistance to Credit Cooperative Societies                                    | 0.00    | 0.87    | 0.00 | 0.87    | 0.00   |  |
| 2 | Technical Assistance   | 0.61    | 0.00    | 0.00 | 0.61    | 0.00   |  |
| 3 | Human Resources Development  | 0.01    | 0.05    | 0.00 | 0.01    | 0.04   |  |
| 4 | Implementation Cost  | -0.13   | 0.40    | 0.00 | 0.19    | 0.09   |  |
| E | Revival Package for Long Term Co-operative Credit Structure (LTCCS)                            | 20.00   | 0.00    | 0.00 | 0.00    | 20.00  |  |
| F | Revival reform and Restructure of Handloom Sector  |         |         |      |         |        |  |
| 1 | Implementation Cost [RRR - Handloom Package ] a/c - grant received                             | 4.33    | 0.00    | 0.00 | 5.87    | -1.53  |  |
| 2 | Expenditure on Loss Asset [RRR - Handloom Package] a/c - grant received                        | 4.95    | 0.00    | 0.00 | 2.15    | 2.80   |  |
| 3 | Recap Assist [RRR - Handloom Package] to AWCS a/c -  | 0.00    | 171.31  | 0.00 | 109.57  | 61.73  |  |
| 4 | Recap Assist [RRR - Handloom Package] to PWCS a/c -  | 0.00    | 288.54  | 0.00 | 186.51  | 102.03 |  |
| 5 | Recap Assist [RRR - Handloom Package] to individual weaver a/c -                               | 0.00    | 124.47  | 0.00 | 91.21   | 33.26  |  |
| 6 | Technical Assistance [RRR - Handloom Package]  | 0.00    | 2.00    | 0.00 | 0.00    | 2.00   |  |
| 7 | HRD [RRR - Handloom Package]   | 0.00    | 2.00    | 0.00 | 0.07    | 1.93   |  |
| 8 | Interest Subvention [RRR - Handloom Package]   | 0.00    | 1.00    | 0.00 | 0.96    | 0.04   |  |
| 9 | Comprehensive Handloom Package   | 0.00    | 27.77   | 0.00 | 15.72   | 12.05  |  |
| G | Centre for Professional Excellence in Co-operatives (C - PEC) ( Refer Note B-3 of Schedule 18) | 0.00    | 1.04    | 0.03 | 0.23    | 0.84   |  |
|   | Total  | 657.92  | 1577.42 | 0.44 | 1258.38 | 977.40 |  |
|   | Previous year  | 2601.89 | 760.79  | 0.32 | 2705.08 | 657.92 |  |

\*Includes approved claims of reimbursements pending disbursements

**Schedule 4 - Gifts, Grants, Donations and Benefactions for FY12**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2011 | Grant received during the year | Interest Credited to the fund | Adjusted against the expenditure | Balance as on 31.03.2012 |
|---------|---|----------------------------------|--------------------------------|-------------------------------|----------------------------------|--------------------------|
| A.      | Grants from International Agencies  |                                  |                                |                               |                                  |                          |
| 1       | KfW - NB - IX Adivasi Development Programme - Maharashtra ( Refer Note B-8 of Schedule 18)                    | 0.78                             | 4.41                           | 0.09                          | 3.52                             | 1.76                     |
| 2       | KfW UPNRM - Accompanying Measures   | 0.17                             | 3.28                           | 0.01                          | 3.16                             | 0.30                     |
| 3       | KfW NB UPNRM - Financial Contribution   | 0.81                             | 0.28                           | 0.00                          | 0.16                             | 0.93                     |
| 4       | KfW UPNRM - Risk Mitigation Fund  | 0.12                             | 1.24                           | 0.00                          | 0.00                             | 1.36                     |
| 5       | International Fund for Agriculture Development (IFAD) Priyadarshini   | 4.66                             | 0.00                           | 0.00                          | 4.66                             | 0.00                     |
| 6       | GIZ - Uttarakhand Regional Economic Development   | 0.86                             | 0.00                           | 0.00                          | 0.86                             | 0.00                     |
| 7       | KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra ( Refer Note B-8 of Schedule 18) | 0.02                             | 18.80                          | 0.05                          | 18.87                            | 0.00                     |
| 8       | Indo German Watershed Development Programme - Andhra Pradesh ( Refer Note B-8 of Schedule 18)                 | 0.01                             | 7.87                           | 0.00                          | 7.88                             | 0.00                     |
| 9       | Indo German Watershed Development Programme - Gujarat ( Refer Note B-8 of Schedule 18)                        | 0.00                             | 5.53                           | 0.03                          | 5.56                             | 0.00                     |
| 10      | Indo German Watershed Development Programme - Rajasthan ( Refer Note B-8 of Schedule 18)                      | 0.00                             | 3.24                           | 0.01                          | 3.24                             | 0.00                     |
| 11      | KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B3 of Schedule 18)                     | 9.21                             | 2.73                           | 0.00                          | 2.16                             | 9.77                     |
| 12      | NABARD Grant for Fixed Assets under NB-SDC HID Project  | 0.07                             | 0.00                           | 0.00                          | 0.07                             | 0.00                     |
| 13      | GIZ-NABARD RFP - Financial Component  | 0.01                             | 0.00                           | 0.00                          | 0.01                             | 0.00                     |
| 14      | NE Council Fund for Miscellaneous Training Programme  | 0.02                             | 0.00                           | 0.00                          | 0.02                             | 0.00                     |
| 15      | KfW NB SEWA Bank Capitalisation of Rural Financial Institutions (RFIs)  | 0.03                             | 2.95                           | 0.00                          | 2.97                             | 0.00                     |
| 16      | GIZ Rural Financial Institutions Program (RFIP)   | 0.58                             | 0.77                           | 0.00                          | 0.37                             | 0.98                     |

|    |   |        |        |      |        |        |
|----|---|--------|--------|------|--------|--------|
| 17 | GIZ UPNRM Technical Coraboration  | 0.39   | 0.51   | 0.00 | 0.64   | 0.27   |
| 18 | United Nation Development Programme(UNDP) -NABARD-Financial Inclusion Fund            | -1.10  | 1.56   | 0.00 | 0.47   | 0.00   |
| B. | Government Subsidy Schemes  |        |        |      |        |        |
| 1  | Capital Investment Subsidy for Cold Storage Projects – NHB                            | 19.19  | 11.35  | 0.00 | 26.64  | 3.90   |
| 2  | Capital Subsidy for Cold Storage NHM  | 0.10   | 0.00   | 0.00 | 0.00   | 0.10   |
| 3  | Capital Subsidy for Cold Storage TM North East  | 4.38   | 1.65   | 0.00 | 6.03   | 0.00   |
| 4  | Credit Linked Capital Subsidy for Technology Upgradation of SSIs                      | 0.06   | 4.90   | 0.00 | 4.96   | 0.00   |
| 5  | Capital Investment Subsidy for Rural Godowns  | 39.39  | 121.00 | 0.00 | 148.69 | 11.70  |
| 6  | Million Shallow Tubewell Programme – Bihar  | 2.63   | 0.00   | 0.00 | 2.63   | 0.00   |
| 7  | Bihar Ground Water Irrigation Scheme (BIGWIS)   | 182.89 | 2.40   | 0.00 | 34.78  | 150.50 |
| 8  | Cattle Development Programme - Uttar Pradesh ( Refer Note B-8 of Schedule 18)         | 0.27   | 0.00   | 0.02 | 0.27   | 0.02   |
| 9  | Cattle Development Programme - Bihar ( Refer Note B-8 of Schedule 18)                 | 0.99   | 1.71   | 0.06 | 0.99   | 1.78   |
| 10 | National Project on Organic Farming   | 0.06   | 1.50   | 0.00 | 1.09   | 0.48   |
| 11 | Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana               | 14.23  | 10.58  | 0.00 | 17.74  | 7.06   |
| 12 | Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits   | 3.45   | 4.00   | 0.00 | 7.15   | 0.30   |
| 13 | Rain Water Harvesting Scheme  | 0.90   | -0.90  | 0.00 | 0.00   | 0.00   |
| 14 | Kutch Drought Proofing Project  | 0.39   | 0.00   | 0.00 | 0.17   | 0.22   |
| 15 | Dairy and Poultry Venture Capital Fund  | 12.28  | 0.00   | 0.00 | -5.00  | 17.28  |
| 16 | Poultry Venture Capital Fund  | 5.62   | 0.00   | 0.00 | 3.79   | 1.83   |
| 17 | Poultry Venture Capital Fund (Subsidy)  | 0.00   | 5.00   | 0.00 | 4.15   | 0.85   |
| 18 | Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation | 20.66  | 149.26 | 0.00 | 166.79 | 3.12   |
| 19 | Centrally Sponsored Scheme for establishing Poultry Estate                            | 5.97   | 2.28   | 0.00 | 0.00   | 8.25   |

|  |   |         |        |      |         |               |
|--|---|---------|--------|------|---------|---------------|
| 20   | Livelihood Advancement Business School - Sultanpur, Uttar Pradesh ( Refer Note B-8 of Schedule 18)                    | 0.02    | 0.49   | 0.00 | 0.51    | 0.00          |
| 21   | Livelihood Advancement Business School - Rae - Bareilly, Uttar Pradesh ( Refer Note B-8 of Schedule 18)               | 0.54    | 0.00   | 0.00 | 0.54    | 0.00          |
| 22   | Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh ( Refer Note B-8 of Schedule 18)           | 0.51    | 0.00   | 0.03 | 0.00    | 0.54          |
| 23   | Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareilly, Uttar Pradesh ( Refer Note B-8 of Schedule 18) | 1.37    | 0.00   | 0.03 | 1.26    | 0.14          |
| 24   | CCS - on Pig Development  | 0.02    | 6.37   | 0.00 | 5.82    | 0.57          |
| 25   | Dairy Entrepreneurship development Scheme   | 10.46   | 110.00 | 0.00 | 100.75  | 19.70         |
| 26   | CCS - S & R Male Buffalo calves   | 1.92    | 0.00   | 0.00 | 1.92    | 0.00          |
| 27   | CSS - JNN Solar Mission<br>CSS - For PE & Mother Unit on RB Poultry   | 31.39   | 29.60  | 0.00 | 41.70   | 19.29<br>0.00 |
| 28   | CSS - JNNM - Solar Lighting a/c - subsidy recd  | 0.00    | 46.80  | 0.00 |         | 46.80         |
| 29   | CSS - on Rural Slaughter Houses   | 0.10    | 0.00   | 0.00 | 0.00    | 0.10          |
| 30   | Capital Subsidy Scheme - Agri Clinics Agri Business Centres   | 1.60    | 6.00   | 0.00 | 5.70    | 1.90          |
| 31   | Artificial Recharge of Groundwater in Hard Rock Area  | 1256.04 | 0.00   | 0.00 | 1232.18 | 23.86         |
| 32   | Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008   | 419.85  | 35.69  | 0.00 | 263.64  | 191.90        |
| 33   | Women's Self Help Groups [SHGs] Development Fund  | 0.00    | 100.00 | 0.00 | 0.00    | 100.00        |
| C. Interest Relief / Subvention                              |   |         |        |      |         |               |
| 1  | Interest Subvention (Sugar Term Loan)   | 0.20    | 30.00  | 0.00 | 30.08   | 0.11          |
| 2  | Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)                                | 134.83  | 0.00   | 0.00 | 134.38  | 0.45          |
| D Revival Package of Short Term Cooperative Credit Structure |   |         |        |      |         |               |
| 1  | Cost of Special Audit   | 10.49   | 0.00   | 0.00 | 10.49   | 0.00          |
| 2  | Recapitalisation Assistance to Credit Cooperative Societies   | 340.64  | 0.89   | 0.00 | 341.53  | 0.00          |
| 3  | Technical Assistance  | 13.91   | 0.00   | 0.00 | 13.30   | 0.61          |
| 4  | Human Resources   | 9.10    | 1.59   | 0.00 | 10.69   | 0.01          |

|   |   |         |         |      |         |         |  |
|---|---|---------|---------|------|---------|---------|--|
|   | Development   |         |         |      |         |         |  |
| 5 | Implementation Cost   | 18.82   | 15.21   | 0.00 | 34.16   | -0.13   |  |
| E | Revival Package for Long Term Co-operative Credit Structure (LTCCS)     | 20.00   | 0.00    | 0.00 | 0.00    | 20.00   |  |
| F | Revival reform and Restructure of Handloom Sector                       |         |         |      |         |         |  |
| 1 | Implementation Cost [RRR - Handloom Package ] a/c - grant received      | 0.00    | 5.00    | 0.00 | 0.67    | 4.33    |  |
| 2 | Expenditure on Loss Asset [RRR - Handloom Package] a/c - grant received | 0.00    | 5.00    | 0.00 | 0.05    | 4.95    |  |
|   | Total   | 2601.89 | 760.55  | 0.32 | 2704.85 | 657.92  |  |
|   | Previous year   | 4706.77 | 2988.77 | 0.70 | 5094.35 | 2601.89 |  |

**Schedule 4 - Gifts, Grants, Donations and Benefactions for FY11**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2010 | Grant received during the year | Interest Credited to the fund | Adjusted against the expenditure | Balance as on 31.03.2011 |
|---------|---|----------------------------------|--------------------------------|-------------------------------|----------------------------------|--------------------------|
| A.      |   |                                  |                                |                               |                                  |                          |
| 1       | KfW - NB - IX Adivasi Development Programme - Maharashtra ( Refer Note B-8 of Schedule 18)                    | 0.07                             | 16.85                          | 0.19                          | 16.32                            | 0.78                     |
| 2       | KfW UPNRM - Accompanying Measures   | -0.07                            | 2.87                           | 0.01                          | 2.64                             | 0.17                     |
| 3       | KfW NB UPNRM - Financial Contribution   | 0.08                             | 0.82                           | 0.00                          | 0.09                             | 0.81                     |
| 4       | KfW UPNRM - Risk Mitigation Fund  | 0.12                             | 0.53                           | 0.00                          | 0.53                             | 0.12                     |
| 5       | International Fund for Agriculture Development (IFAD) Priyadarshini   | -0.19                            | 5.83                           | 0.00                          | 0.97                             | 4.66                     |
| 6       | GTZ - Uttarakhand Regional Economic Development   | 0.86                             | 0.00                           | 0.00                          | 0.00                             | 0.86                     |
| 7       | KfW-NB-Indo German Watershed Development Programme - Phase III - Maharashtra ( Refer Note B-8 of Schedule 18) | 3.53                             | 27.85                          | 0.06                          | 31.42                            | 0.02                     |
| 8       | Indo German Watershed Development Programme - Andhra Pradesh ( Refer Note B-8 of Schedule 18)                 | 0.00                             | 11.65                          | 0.01                          | 11.65                            | 0.01                     |
| 9       | Indo German Watershed Development Programme - Gujarat ( Refer Note B-8 of Schedule 18)                        | 0.28                             | 3.46                           | 0.01                          | 3.74                             | 0.00                     |



|    |   |        |       |      |       |        |
|----|---|--------|-------|------|-------|--------|
| 10 | Indo German Watershed Development Programme - Rajasthan ( Refer Note B-8 of Schedule 18)  | 0.00   | 1.94  | 0.02 | 1.96  | 0.00   |
| 11 | KfW Umbrella Programme on Natural Resource Management Fund (Refer Note B3 of Schedule 18) | 9.19   | 0.02  | 0.00 | 0.00  | 9.21   |
| 12 | NABARD Grant for Fixed Assets under NB-SDC HID Project                                    | 0.07   | 0.00  | 0.00 | 0.00  | 0.07   |
| 13 | GTZ-NABARD RFP - Financial Component  | 0.00   | 0.00  | 0.00 | -0.01 | 0.01   |
| 14 | NE Council Fund for Miscellaneous Training Programme                                      | 0.02   | 0.50  | 0.00 | 0.50  | 0.02   |
| 15 | KfW NB SEWA Bank Capitalisation of Rural Financial Institutions (RFIs)                    | 0.00   | 2.67  | 0.00 | 2.64  | 0.03   |
| 16 | GTZ Rural Financial Institutions Program (RFIP)   | 0.42   | 0.74  | 0.00 | 0.58  | 0.58   |
| B. |   |        |       |      |       |        |
| 1  | Capital Investment Subsidy for Cold Storage Projects - NHB                                | 19.59  | 43.84 | 0.00 | 44.25 | 19.19  |
| 2  | Capital Subsidy for Cold Storage NHM  | 0.10   | 0.00  | 0.00 | 0.00  | 0.10   |
| 3  | Capital Subsidy for Cold Storage TM North East  | 4.31   | 11.12 | 0.00 | 11.06 | 4.38   |
| 4  | Credit Linked Capital Subsidy for Technology Upgradation of SSIs                          | 0.12   | 11.11 | 0.00 | 11.17 | 0.06   |
| 5  | Capital Investment Subsidy for Rural Godowns  | 14.22  | 96.03 | 0.00 | 70.86 | 39.39  |
| 6  | On-farm Water Management for Crop Production  | 0.02   | 0.00  | 0.00 | 0.02  | 0.00   |
| 7  | Million Shallow Tubewell Programme - Bihar  | 2.63   | 0.00  | 0.00 | 0.00  | 2.63   |
| 8  | Bihar Ground Water Irrigation Scheme (BIGWIS)   | 199.65 | 0.00  | 0.00 | 16.76 | 182.89 |
| 9  | Cattle Development Programme - Uttar Pradesh ( Refer Note B-8 of Schedule 18)             | 0.04   | 1.90  | 0.09 | 1.76  | 0.27   |
| 10 | Cattle Development Programme - Bihar ( Refer Note B-8 of Schedule 18)                     | 1.09   | 0.00  | 0.09 | 0.19  | 0.99   |
| 11 | National Project on Organic Farming   | 2.25   | 0.00  | 0.00 | 2.19  | 0.06   |
| 12 | Integrated Watershed Development Programme - Rashtriya Sam Vikas Yojana                   | 10.01  | 25.00 | 0.00 | 20.79 | 14.23  |
| 13 | Centrally Sponsored Scheme on Integrated Development of Small Ruminants and Rabbits       | 3.00   | 2.00  | 0.00 | 1.55  | 3.45   |
| 14 | Rain Water Harvesting Scheme  | 0.83   | 0.00  | 0.00 | -0.07 | 0.90   |

|    |   |         |        |      |        |         |
|----|---|---------|--------|------|--------|---------|
| 15 | Kutch Drought Proofing Project  | 0.64    | 0.00   | 0.00 | 0.25   | 0.39    |
| 16 | Dairy and Poultry Venture Capital Fund  | 16.35   | 12.00  | 0.00 | 16.07  | 12.28   |
| 17 | Poultry Venture Capital Fund  | 7.59    | -1.91  | 0.00 | 0.06   | 5.62    |
| 18 | Scheme for providing Financial Assistance to Sugar Undertakings - 2007 (SEFASU - 2007)                              | 77.08   | 257.88 | 0.00 | 200.13 | 134.83  |
| 19 | Capital Subsidy for Agriculture Marketing Infrastructure, Grading and Standardisation                               | 5.01    | 98.80  | 0.00 | 83.15  | 20.66   |
| 20 | Centrally Sponsored Scheme for establishing Poultry Estate Vidharbha Package  | 2.21    | 3.76   | 0.00 | 0.00   | 5.97    |
| 21 | Livelihood Advancement Business School - Sultanpur, Uttar Pradesh ( Refer Note B-8 of Schedule 18)                  | 0.42    | 0.00   | 0.02 | 0.42   | 0.02    |
| 22 | Livelihood Advancement Business School - Rae - Bareli , Uttar Pradesh ( Refer Note B-8 of Schedule 18)              | 0.82    | 0.00   | 0.06 | 0.33   | 0.54    |
| 23 | Multi Activity Approach for Poverty Alleviation - Sultanpur, Uttar Pradesh ( Refer Note B-8 of Schedule 18)         | 0.47    | 0.00   | 0.04 | 0.00   | 0.51    |
| 24 | Multi Activity Approach for Poverty Alleviation - BAIF - Rae Bareli, Uttar Pradesh ( Refer Note B-8 of Schedule 18) | 1.26    | 0.00   | 0.11 | 0.00   | 1.37    |
|    | CCS - for PE and Mother Unit on RB Poultry  |         |        |      | 0.00   | 0.00    |
| 25 | GTZ UPNRM Technical Coraboration  | 0.00    | 0.93   | 0.00 | 0.53   | 0.39    |
| 26 | CCS - on Pig Development  | 0.00    | 1.50   | 0.00 | 1.48   | 0.02    |
| 27 | Dairy Enterepreneurship development Scheme  | 0.00    | 20.40  | 0.00 | 9.94   | 10.46   |
| 28 | CCS - S & R Male Buffaloe calves  | 0.00    | 1.92   | 0.00 | 0.00   | 1.92    |
| 29 | CSS - JNN Solar Mission   | 0.00    | 35.00  | 0.00 | 3.61   | 31.39   |
|    | CSS - For PE & Mother Unit on RB Poultry  |         |        |      |        | 0.00    |
| 30 | CSS - on Rural Slaughter Houses   | 0.00    | 0.20   | 0.00 | 0.10   | 0.10    |
| 31 | Capital Subsidy Scheme - Agri Clinics Agri Business Centres   | 1.10    | 1.89   | 0.00 | 1.40   | 1.60    |
| 32 | Artificial Recharge of Groundwater in Hard Rock Area  | 1256.16 | 0.00   | 0.00 | 0.12   | 1256.04 |
| 33 | Subsidy Reserve - Central Sector Scheme for AgriMarketing Infrastructure (CSAMI) under RIDF                         | 0.00    | 0.00   |      |        |         |

|    |  |         |          |      |          |         |
|----|--|---------|----------|------|----------|---------|
| 34 | ISSPUAF ( 4% Interest Sbuventiion scheme - Avian Flu)                      | 0.00    | 1.68     | 0.00 | 1.68     | 0.00    |
| 35 | United Nation Development Programme(UNDP) -NABARD-Financial Inclusion Fund | -0.11   | 1.62     | 0.00 | 2.61     | -1.10   |
| 36 | Debt Waiver and Debt Relief Scheme (DWDR) 2008                             | 2930.25 | 1240.12  | 0.00 | 3750.52  | 419.85  |
| 37 | Interest Subvention (Sugar Term Loan)                                      | 7.31    | 31.60    | 0.00 | 38.72    | 0.20    |
| C  | Revival Package of Short Term Cooperative Credit Structure                 |         |          |      |          |         |
| 1  | Cost of Special Audit  | 16.00   | -4.00    | 0.00 | 1.51     | 10.49   |
| 2  | Recapitalisation Assistance to Credit Cooperative Societies                | 1.91    | 1027.96  | 0.00 | 689.23   | 340.64  |
| 3  | Technical Assistance   | 32.10   | -16.00   | 0.00 | 2.19     | 13.91   |
| 4  | Human Resources Development  | 52.55   | -32.00   | 0.00 | 11.45    | 9.10    |
| 5  | Implementation Cost  | 5.41    | 38.69    | 0.00 | 25.28    | 18.82   |
| D  | Long Term Co-operative Credit Structure (LTCCS)                            | 20.00   | 0.00     | 0.00 | 0.00     | 20.00   |
| 6  | Implementation Cost  |         |          |      |          |         |
|    | Total  | 4706.77 | 2988.77  | 0.70 | 5094.35  | 2601.89 |
|    | Previous year  | 5111.02 | 12231.33 | 0.59 | 12635.25 | 4706.77 |

**Schedule 5 - Other Funds for FY15**

(₹ in crores)

| Sr. No. | Particulars   | Opening Balance as on 01.04.2014 | Additions/Adjustments during the year | Transferred from P & L Appropriation | Interest Credited | Expenditure/ Disb.during the year | Transferred to P&L Appropriation | Balance as on 31.03.2015 |
|---------|---|----------------------------------|---------------------------------------|--------------------------------------|-------------------|-----------------------------------|----------------------------------|--------------------------|
| 1       | Watershed Development Fund (i)* (Refer Note B-5 & 8 of Schedule 18) | 929.64                           | 300.00                                | 0.00                                 | 57.15             | 201.84                            | 0.00                             | 1084.94                  |
| 2       | Interest Differential Fund - (Forex Risk)                           | 209.12                           | 18.74                                 | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 227.86                   |
| 3       | Interest Differential Fund - (Tawa)                                 | 0.10                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 0.10                     |
| 4       | Adivasi Development Fund  | 5.77                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 5.77                     |
| 5       | Tribal Development Fund (ii)* (Refer Note B-5 & 8 of Schedule 18)   | 1090.14                          | 303.63                                | 0.00                                 | 64.12             | 715.62                            | 0.00                             | 742.27                   |
| 6       | Financial Inclusion Fund (iii)* (Refer Note B-5 & 8 of Schedule 18) | 1626.51                          | 659.27                                | 0.00                                 | 108.40            | 324.76                            | 0.00                             | 2069.42                  |

|   |   |         |         |       |        |         |       |         |
|---|---|---------|---------|-------|--------|---------|-------|---------|
| 7 | Financial Inclusion Technology Fund (Refer Note B-9 of Schedule 18) | -18.51  | 0.00    | 0.00  | 0.00   | 30.83   | 0.00  | -49.34  |
| 8 | Farmers Technology Transfer Fund @ (Refer Note B-2 of Schedule 18)  | 41.00   | 0.00    | 0.00  | 0.00   | 41.00   | 0.00  | 0.00    |
|   | Total   | 3883.78 | 1281.64 | 0.00  | 229.67 | 1314.07 | 0.00  | 4081.02 |
|   | Previous year   | 4154.76 | 882.39  | 15.11 | 254.29 | 1372.86 | 49.90 | 3883.78 |

Includes approved claims of reimbursements pending disbursements

@ - being ₹ 41 crores transferred to Farm Sector Promotion Fund

i. Includes ₹ 101.97 crores being income taxes paid including interest

ii. Includes ₹ 527.37 crores being income taxes paid including interest

iii. Includes ₹ 224.08 crores being income taxes paid including interest

\* Refer Note B-3 of Schedule 18 @ Refer Note B-6 of Schedule 18

@ Refer Note B-6 of Schedule 18

#### Schedule 5 - Other Funds for FY14

(₹ in crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2013 | Additions/Adjustments during the year | Transferred from P & L Appropriation | Interest Credited | Expenditure/ Disb. during the year | Transferred to P&L Appropriation | Balance as on 31.03.2014 |
|---------|--|----------------------------------|---------------------------------------|--------------------------------------|-------------------|------------------------------------|----------------------------------|--------------------------|
| 1       | Watershed Development Fund (i)   | 1686.38                          | 0.00                                  | 0.00                                 | 96.14             | 852.89                             | 0.00                             | 929.64                   |
| 2       | Micro Finance Development and Equity Fund ( Refer Note B-8 of Schedule 18) | 0.00                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                               |                                  | 0.00                     |
| 2       | Interest Differential Fund - (Forex Risk)                                  | 182.33                           | 26.79                                 | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 209.12                   |
| 3       | Interest Differential Fund - (Tawa)  | 0.10                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 0.10                     |
| 4       | Adivasi Development Fund   | 5.77                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 5.77                     |
| 5       | Tribal Development Fund (ii)   | 1406.51                          | 3.22                                  | 0.00                                 | 79.24             | 398.83                             | 0.00                             | 1090.14                  |
| 6       | Financial Inclusion Fund ( Refer Note B-8 of Schedule 18) (iii)            | 825.68                           | 787.51                                | 0.00                                 | 78.91             | 65.59                              | 0.00                             | 1626.51                  |
| 7       | Financial Inclusion Technology Fund( Refer Note B-8 of                     | -13.23                           | 64.87                                 | 0.00                                 | 0.00              | 20.24                              | 49.90                            | -18.51                   |

|   |                                  |         |         |       |        |         |       |         |
|---|----------------------------------|---------|---------|-------|--------|---------|-------|---------|
| 8 | Schedule 18)                     |         |         |       |        |         |       |         |
|   | Farmers Technology Transfer Fund | 61.21   | 0.00    | 15.11 | 0.00   | 35.32   | 0.00  | 41.00   |
|   | Total                            | 4154.76 | 882.39  | 15.11 | 254.29 | 1372.86 | 49.90 | 3883.78 |
|   | Previous year                    | 4157.12 | 1170.55 | 0.00  | 245.44 | 1403.37 | 14.99 | 4154.76 |

Includes approved claims of reimbursements pending disbursements

i. Includes ₹ 692.12 crores being income taxes paid including interest

ii. Includes ₹ 174.59 crores being income taxes paid including interest

iii. Includes ₹ 438.90 crores being income taxes paid including interest

NABARD is acting as a banker/ custodian/ trustee on behalf of GOI/ RBI/ Other entities and is holding the above funds, pending disbursement/ utilization in terms of respective schemes, on their behalf, to the extent of contribution made by them and accrued interest on unutilized balances, wherever applicable.

#### Schedule 5 - Other Funds for FY13

(₹ in crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2012 | Additions/Adjustments during the year | Transferred from P & L Appropriation | Interest Credited | Expenditure/ Disb. during the year | Transferred to P&L Appropriation | Balance as on 31.03.2013 |
|---------|--|----------------------------------|---------------------------------------|--------------------------------------|-------------------|------------------------------------|----------------------------------|--------------------------|
| 1       | Watershed Development Fund   | 1806.03                          | 0.00                                  | 0.00                                 | 104.47            | 224.11                             | 0.00                             | 1686.38                  |
| 2       | Micro Finance Development and Equity Fund ( Refer Note B-5 of Schedule 18) | 118.78                           | 0.00                                  | 0.00                                 | 4.00              | 107.79                             | 14.99                            | 0.00                     |
| 3       | Interest Differential Fund - (Forex Risk)                                  | 170.26                           | 12.07                                 | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 182.33                   |
| 4       | Interest Differential Fund - (Tawa)  | 0.10                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 0.10                     |
| 5       | Adivasi Development Fund   | 5.63                             | 0.14                                  | 0.00                                 | 0.00              | 0.00                               | 0.00                             | 5.77                     |
| 6       | Tribal Development Fund  | 1901.24                          | 2.29                                  | 0.00                                 | 109.12            | 606.14                             | 0.00                             | 1406.51                  |
| 7       | Financial Inclusion Fund ( Refer Note B-3 of Schedule 18)                  | 53.93                            | 1152.30                               | 0.00                                 | 27.85             | 408.39                             | 0.00                             | 825.68                   |
| 8       | Financial Inclusion Technology Fund  | 0.16                             | 3.75                                  | 0.00                                 | 0.00              | 17.14                              | 0.00                             | -13.23                   |
| 9       | Farmers Technology Transfer Fund   | 101.00                           | 0.00                                  | 0.00                                 | 0.00              | 39.79                              | 0.00                             | 61.21                    |
|         | Total  | 4157.12                          | 1170.55                               | 0.00                                 | 245.44            | 1403.37                            | 14.99                            | 4154.76                  |
|         | Previous year  | 3431.47                          | 1093.09                               | 89.56                                | 121.77            | 568.16                             | 10.61                            | 4157.12                  |

Includes approved claims of reimbursements pending disbursements

i. Includes ₹ 406.65 crores Being income taxes paid including interest

ii. Includes ₹ 375.07 crores Being income taxes paid including interest

**Schedule 5 - Other Funds for FY12**

(₹ in crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2011 | Additions/Adjustments during the year | Transferred from P & L Appropriation | Interest Credited | Expenditure/ Disb.during the year | Transferred to P&L Appropriation | Balance as on 31.03.2012 |
|---------|--|----------------------------------|---------------------------------------|--------------------------------------|-------------------|-----------------------------------|----------------------------------|--------------------------|
| 1       | Watershed Development Fund   | 1897.69                          | 0.00                                  | 0.00                                 | 109.46            | 201.12                            | 0.00                             | 1806.03                  |
| 2       | Micro Finance Development and Equity Fund ( Refer Note B-8 of Schedule 18) | 139.12                           | 0.00                                  | 0.00                                 | 8.34              | 18.07                             | 10.61                            | 118.78                   |
| 3       | Interest Differential Fund - (Forex Risk)                                  | 157.70                           | 12.56                                 | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 170.26                   |
| 4       | Interest Differential Fund - (Tawa)  | 0.10                             | 0.00                                  | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 0.10                     |
| 5       | Adivasi Development Fund   | 5.30                             | 0.33                                  | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 5.63                     |
| 6       | Tribal Development Fund  | 1054.51                          | 1003.85                               | 0.00                                 | 0.00              | 157.11                            | 0.00                             | 1901.24                  |
| 7       | Financial Inclusion Fund ( Refer Note B-8 of Schedule 18)                  | 53.11                            | 16.27                                 | 0.00                                 | 3.45              | 18.90                             | 0.00                             | 53.93                    |
| 8       | Financial Inclusion Technology Fund( Refer Note B-8 of Schedule 18)        | 22.95                            | 60.08                                 | 45.00                                | 0.52              | 128.39                            | 0.00                             | 0.16                     |
| 9       | Farmers Technology Transfer Fund   | 101.00                           | 0.00                                  | 44.56                                | 0.00              | 44.56                             | 0.00                             | 101.00                   |
|         | <b>Total</b>   | <b>3431.47</b>                   | <b>1093.09</b>                        | <b>89.56</b>                         | <b>121.77</b>     | <b>568.16</b>                     | <b>10.61</b>                     | <b>4157.12</b>           |
|         | Previous year  | 2735.06                          | 930.90                                | 43.56                                | 101.05            | 366.68                            | 12.42                            | 3431.47                  |

**Schedule 5 - Other Funds for FY11**

(₹ in Crores)

| Sr. No. | Particulars  | Opening Balance as on 01.04.2010 | Additions/Adjustments during the year | Transferred from P & L Appropriation | Interest Credited | Expenditure/ Disb.during the year | Transferred to P&L Appropriation | Balance as on 31.03.2011 |
|---------|--|----------------------------------|---------------------------------------|--------------------------------------|-------------------|-----------------------------------|----------------------------------|--------------------------|
| 1       | Watershed Development Fund   | 1102.84                          | 865.86                                | 0.00                                 | 81.26             | 151.25                            | 1.01                             | 1897.69                  |
| 2       | Micro Finance Development and Equity Fund ( Refer Note B-8 of Schedule 18) | 138.53                           | 20.00                                 | 0.00                                 | 11.29             | 19.30                             | 11.41                            | 139.12                   |
| 3       | Interest Differential Fund - (Forex Risk)                                  | 145.24                           | 12.46                                 | 0.00                                 | 0.00              | 0.00                              | 0.00                             | 157.70                   |
| 4       | Interest Differential Fund - (Tawa)  | 0.12                             | 0.00                                  | 0.00                                 | 0.00              | 0.02                              | 0.00                             | 0.10                     |

|   |   |         |        |       |        |        |       |         |
|---|---|---------|--------|-------|--------|--------|-------|---------|
| 5 | Adivasi Development Fund  | 0.20    | 7.60   | 0.00  | 0.00   | 2.50   | 0.00  | 5.30    |
| 6 | Tribal Development Fund   | 1150.83 | 0.52   | 0.00  | 0.00   | 96.84  | 0.00  | 1054.51 |
| 7 | Financial Inclusion Fund ( Refer Note B-8 of Schedule 18)           | 45.10   | 13.05  | 0.00  | 4.16   | 9.21   | 0.00  | 53.11   |
| 8 | Financial Inclusion Technology Fund( Refer Note B-8 of Schedule 18) | 52.21   | 10.40  | 10.00 | 4.34   | 54.00  | 0.00  | 22.95   |
| 9 | Farmers Technology Transfer Fund                                    | 100.00  | 1.00   | 33.56 | 0.00   | 33.56  | 0.00  | 101.00  |
|   | Total   | 2735.06 | 930.90 | 43.56 | 101.05 | 366.68 | 12.42 | 3431.47 |
|   | Previous year   | 2101.81 | 691.61 | 64.58 | 72.77  | 139.99 | 55.71 | 2735.06 |

**Schedule 6 – Deposits**

(₹ in crores)

| Sr. No. | Particulars                                 | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Central Government                          | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| 2       | State Governments                           | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| 3       | Others                                      |                     |                     |                     |                     |                     |
|         | a) Tea / Rubber / Coffee Deposits           | 300.85              | 333.13              | 302.46              | 284.04              | 228.30              |
|         | b) Term Deposits                            | 0.00                | 0.00                | 0.00                | 7.00                | 48.46               |
|         | c) Commercial Banks (Deposits under RIDF)   | 89603.39            | 83862.83            | 78758.40            | 75106.72            | 67877.64            |
|         | d) Short Term Cooperative Rural Credit Fund | 60000.00            | 50000.00            | 25000.00            | 20000.00            | 14622.28            |
|         | e) ST RRB Credit Refinance Fund             | 30000.00            | 30000.00            | 10000.00            | 0.00                |                     |
|         | f) Warehouse Infrastructure Fund            | 1550.00             | 1250.00             |                     |                     |                     |
|         | g) Long Term Rural Credit Fund              | 5000.00             | 0.00                |                     |                     |                     |
|         | <b>Total</b>                                | <b>186454.24</b>    | <b>165445.96</b>    | <b>114060.86</b>    | <b>95397.76</b>     | <b>82776.68</b>     |

**Schedule 7 - Bonds and Debentures**

(₹ in crores)

| Sr. No. | Particulars               | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | SLR Bonds                 | 0.00                | 0.00                | 0.00                | 0.00                | 99.00               |
| 2       | Non Priority Sector Bonds | 29031.00            | 31229.11            | 42666.40            | 33577.89            | 21682.50            |
| 3       | Capital Gains Bonds       | 1.29                | 1.29                | 1.58                | 6.77                | 7.51                |
| 4       | Bhavishya Nirman Bonds    | 4975.20             | 4975.20             | 4975.20             | 4975.20             | 4975.20             |
| 5       | NABARD Rural Bond         | 0.00                | 9.60                | 22.78               | 24.00               | 24.00               |
|         | <b>Total</b>              | <b>34007.49</b>     | <b>36215.20</b>     | <b>47665.96</b>     | <b>38583.86</b>     | <b>26788.21</b>     |

**Schedule 8 - Borrowings**

(₹ in crores)

| Sr. No. | Particulars   | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|         | (A) In India  |                     |                     |                     |                     |                     |
| 1       | Central Government  | 19.62               | 39.59               | 43.42               | 84.80               | 123.98              |
| 2       | JNN Solar Mission   | 35.82               | 35.82               | 35.82               | 32.82               | 0.00                |
| 3       | Reserve Bank of India   | 0.00                | 0.00                |                     |                     | 0.00                |
| 4       | Others :  |                     |                     |                     |                     |                     |
|         | (i) Certificate of Deposits                                       | 0.00                | 0.00                | 0.00                | 1281.01             | 136.86              |
|         | (ii) Commercial Paper   | 2898.05             | 0.00                | 1935.59             | 2245.27             | 6447.65             |
|         | (iii) Borrowing under Collateralised Borrowing Lending Obligation | 5280.66             | 0.00                | 493.25              | 0.00                | 0.00                |
|         | (iv) Term Money Borrowings  | 515.24              | 227.85              | 138.18              | 181.81              | 110.16              |
|         | (v) Borrowing against STD   |                     |                     |                     |                     | 360.00              |
|         | (B) Outside India   |                     |                     |                     |                     |                     |
|         | (i) International Agencies  | 726.78              | 715.01              | 462.89              | 502.78              | 502.64              |
|         | <b>Total</b>  | <b>9476.17</b>      | <b>1018.27</b>      | <b>3109.16</b>      | <b>4328.48</b>      | <b>7681.29</b>      |



Out of the above, borrowings under CBLO are secured against Government Securities including Treasury Bills

**Schedule 9 - Current Liabilities and Provisions**

(₹ in crores)

| Sr. No. | Particulars  | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Interest / Discount Accrued  | 7698.97             | 7461.96             | 6522.02             | 4905.56             | 3527.97             |
| 2       | Sundry Creditors *   | 540.22              | 455.81              | 332.66              | 370.77              | 401.73              |
| 3       | Subsidy Reserve (Co-finance,Cold Storage)  | 13.80               | 1.13                | 1.13                | 1.15                | 0.94                |
| 4       | Subsidy Reserve - CSAMI under RIDF   | 2.27                | 16.72               | 2.27                | 2.27                | 1.45                |
| 5       | Provision for Gratuity ( Refer Note B-32 of Schedule 18)                                 | 0.00                | 0.00                | 0.00                | 0.00                | 17.45               |
| 6       | Provision for Pension ( Refer Note B-32 of Schedule 18)                                  | 59.93               | 15.16               | 14.75               | 245.63              | 934.44              |
| 7       | Provision for Encashment of Ordinary Leave ( Refer Note B-32 of Schedule 18)             | 0.00                | 6.59                | 13.21               | 15.89               | 5.07                |
| 8       | Provision for Post Retirement Medical Benefit ( Refer Note B-32 of Schedule 18)          | 106.62              | 86.34               |                     |                     |                     |
| 9       | Unclaimed Interest on Bonds  | 1.79                | 2.10                | 1.96                | 2.01                | 3.90                |
| 10      | Unclaimed Interest on Term Deposits  | 0.01                | 0.01                | 0.01                | 0.01                | 0.42                |
| 11      | Term Deposits Matured but not claimed  | 0.23                | 0.33                | 0.76                | 8.32                | 5.48                |
| 12      | Bonds matured but not claimed  | 3.63                | 4.90                | 4.19                | 5.82                | 20.06               |
| 13      | Application money received pending allotment of Bonds                                    | 0.00                | 0.00                | 0.00                | 0.00                | 0.01                |
| 14      | Provisions and Contingencies   |                     |                     |                     |                     |                     |
| (a)     | Depreciation in Value of Investment a/c - G. Sec.  | 0.00                | 63.83               | 0.00                | 30.62               |                     |
| (b)     | Amortisation of G. Sec. - HTM  | 4.82                | 3.58                | 1.79                | 0.00                |                     |
| (c)     | For Standard Assets  | 1011.24             | 887.04              | 798.97              | 673.31              | 594.57              |
| (d)     | Depreciation in value of investments - equity  | 0.00                | 0.70                | 0.59                | 3.19                | 3.37                |
| (e)     | Non-performing assets  | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| (f)     | Non-performing Investments   | 16.00               | 0.00                |                     |                     |                     |
| (g)     | Countercyclical Provisioning Buffer ( Refer Note B-43 (b) & (e) of Schedule 18)          | 14.45               | 25.51               | 25.51               | 25.51               | 25.51               |
| (h)     | Sacrifice in interest element of restructured loans (Refer Note B-40 (b) of Schedule 18) | 15.21               | 37.17               | 48.49               | 51.37               | 0.00                |
| (i)     | Provision for Other Assets & Receivables   | 0.57                | 4.00                | 12.46               | 3.72                | 3.72                |
|         | <b>Total</b>   | <b>9489.77</b>      | <b>9072.87</b>      | <b>7780.75</b>      | <b>6345.17</b>      | <b>5546.10</b>      |

\* included an amount of ₹ 35.50 crores towards mFDEF( refer Note B- 7 of Schedule 18)

**Schedule 10 - Cash and Bank Balances**

(₹ in crores)

| Sr. No. | Particulars   | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Cash in hand  | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| 2       | Balances with :                                     |                     |                     |                     |                     |                     |
|         | A) Banks in India                                   |                     |                     |                     |                     |                     |
|         | i) Reserve Bank of India                            | 2030.04             | 107.31              | 611.41              | 1168.80             | 38.85               |
|         | B) Others   |                     |                     |                     |                     |                     |
|         | (I) Other Banks in India                            |                     |                     |                     |                     |                     |
|         | a) in Current Account                               | 120.04              | 11.64               | 127.87              | 379.62              | 801.32              |
|         | b) Deposit with Banks                               | 10811.00            | 13187.64            | 7725.00             | 6765.00             | 9002.46             |
|         | c) Remittances in Transit                           | 0.05                | 104.40              | 1.35                | 0.03                | 694.44              |
|         | d) Collateralised Borrowing and Lending Obligations | 164.83              | 211.09              | 531.56              | 230.93              | 228.19              |
|         | (C) Outside India                                   | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
|         | <b>Total</b>  | <b>13125.96</b>     | <b>13622.08</b>     | <b>8997.19</b>      | <b>8544.37</b>      | <b>10765.27</b>     |

**Schedule 11 - Investments**

(₹ in crores)

| Sr. No. | Particulars   | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Government Securities                                   |                     |                     |                     |                     |                     |
|         | a) Securities of Central Government                     | 3099.49             | 3007.35             | 2413.90             | 2146.82             | 2548.31             |
|         | [Face Value ₹.3133,97,80,000 ( ₹ 3053,31,00,000)]       |                     |                     |                     |                     |                     |
|         | [Market Value ₹.3166,61,16,724 ( ₹ 2916,58,70,419)]     |                     |                     |                     |                     |                     |
|         | b) Treasury Bills                                       | 5346.42             | 2754.46             |                     | 58.28               | 0.00                |
|         | [Face Value ₹.5465,81,75,000 ( ₹ 2822,80,00,000)]       |                     |                     |                     |                     |                     |
|         | [Market Value ₹.5346,42,17,463 ( ₹ 2754,46,32,458)]     |                     |                     |                     |                     |                     |
| 2       | Other Approved Securities                               | 0.00                | 0.00                |                     |                     |                     |
| 3       | Equity Shares in :                                      |                     |                     |                     |                     |                     |
| (a)     | Agricultural Finance Corporation Ltd.                   | 1.00                | 1.00                | 1.00                | 1.00                | 1.00                |
|         | [1,000 (1,000) - Equity shares of ₹10,000 each]         |                     |                     |                     |                     |                     |
| (b)     | Small Industries Development Bank of India              | 48.00               | 48.00               | 48.00               | 48.00               | 48.00               |
|         | [1,60,00,000 (1,60,00,000) - Equity shares of ₹10 each] |                     |                     |                     |                     |                     |
| (c)     | Agriculture Insurance Company of India Ltd.             | 60.00               | 60.00               | 60.00               | 60.00               | 60.00               |
|         | [6,00,00,000 (6,00,00,000) - Equity shares of ₹10 each] |                     |                     |                     |                     |                     |
| (d)     | Multi Commodity Exchange of India Ltd.                  | 1.25                | 1.25                | 1.25                | 1.25                | 1.25                |
|         | [15,62,500 (15,62,500) - Equity shares of ₹10 each]     |                     |                     |                     |                     |                     |

|        |  |         |         |          |          |          |
|--------|--|---------|---------|----------|----------|----------|
| (e)    | National Commodity and Derivatives Exchange Ltd.<br>[56,25,000 (56,25,000) - Equity shares of ₹10 each]                                    | 16.88   | 16.88   | 16.88    | 16.88    | 16.88    |
| (f)    | Universal Commodity Exchange Ltd [UCX] @<br>[1,60,00,000 (1,60,00,000) Shares of ₹10 each]   | 16.00   | 16.00   | 16.00    | 16.00    |          |
| (g)    | Other Equity Investments   |         |         |          |          |          |
| (i)    | Coal India Ltd.<br>[77,389 (17,389) - Equity shares of ₹10 each]   | 2.95    | 0.43    | 0.43     | 0.43     |          |
| (ii)   | Power Grid Corporation of India Ltd.<br>[28,592 (28,592) - Equity shares of ₹10 each]  | 0.26    | 0.26    | 0.26     | 0.26     |          |
| (iii)  | MOIL Ltd.<br>[11,719 (11,719) -Equity shares of ₹10 each]  | 0.44    | 0.44    | 0.44     | 0.44     |          |
| (iv)   | Punjab & Sind Bank<br>[0 (7,958) - Equity shares of ₹10 each]  | 0.00    | 0.10    | 0.10     | 0.10     | 1.22     |
| (v)    | State Bank of India<br>[2,39,888 (3,19,488) shares of ₹10 each]  | 37.54   | 50.00   |          |          |          |
| (vi)   | Punjab National Bank<br>[1,50,000 (0) shares of ₹2 each]   | 2.98    | 0.00    |          |          |          |
| (vii)  | Larsen & Toubro Limited<br>[13,000 shares (0) of ₹2 each]  | 2.25    | 0.00    |          |          |          |
| (viii) | Oil and Natural Gas Corporation Ltd.<br>[60,000 shares (0) of ₹5 each]   | 2.67    | 0.00    |          |          |          |
| (ix)   | Steel Authority of India Ltd.<br>[3,58,626 shares (0) of ₹10 each]   | 3.48    | 0.00    |          |          |          |
| (x)    | Bharat Heavy Electricals Ltd.<br>[80,000 shares (0) of ₹2 each]  | 1.99    | 0.00    |          |          |          |
| (xi)   | Indian Oil Corporation Ltd.<br>[35,000 shares (0) of ₹10 each]   | 1.20    | 0.00    |          |          |          |
| (xii)  | Maruti Suzuki India Ltd.<br>[10,000 shares (0) of ₹5 each]   | 2.55    | 0.00    |          |          |          |
| (xiii) | NTPC Ltd.<br>[70,000 shares (0) of ₹10 each]   | 1.06    | 0.00    |          |          |          |
| (xiv)  | Tata Consultancy Services Ltd.<br>[10,000 shares (0) of ₹1 each]   | 2.40    | 0.00    |          |          |          |
| 4      | Debentures and Bonds   |         |         |          |          |          |
| (i)    | Special Dev Debentures of SCARDBs (Refer Note B-<br>24 of Schedule 18)   | 6469.24 | 8239.44 | 10249.49 | 12343.53 | 13461.17 |
| (ii)   | Non Convertible Debentures   | 150.09  | 235.10  | 385.10   | 375.02   | 225.00   |
| (iii)  | NTPC - Non Convertible Debentures  | 0.09    | 0.00    |          |          |          |
| 5      | Shareholding in subsidiaries and Joint Venture   |         |         |          |          |          |
| (i)    | NABARD Financial Services Ltd, Karnataka<br>[10,20,06,300(7,60,06,300) - Equity shares of ₹10<br>each]                                     | 102.01  | 76.01   | 76.01    | 25.97    |          |
| (ii)   | Agri - Business Finance [Andhara Pradesh] Ltd.<br>[1,31,61,000(1,31,61,000) - Equity shares of ₹10<br>each]                                | 13.23   | 13.23   | 13.23    | 5.20     |          |
| (iii)  | NAB KISAN ( formerly known as Agriculture<br>Development Financial (TN) Ltd)<br>[1,55,56,700 (1,55,54,200) - Equity shares of ₹10<br>each] | 15.64   | 15.64   | 5.20     | 5.20     | 18.80    |

|      |  |                 |                 |                 |                 |                 |
|------|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| (iv) | NABARD Consultancy Services Pvt. Ltd.<br>[50,00,000 (50,00,000) - Equity shares of ₹10 each] | 5.00            | 5.00            | 5.00            | 5.00            | 5.00            |
| 6    | Others   |                 |                 |                 |                 |                 |
| (a)  | Mutual Fund  | 600.29          | 901.00          |                 |                 |                 |
| (b)  | Commercial Paper<br>[Face Value ₹1000,00,00,000(₹475,00,00,000)]                             | 975.11          | 464.09          | 47.70           | 1036.61         | 1862.00         |
| (c)  | Certificate of Deposit<br>[Face Value ₹4250,00,00,000 (₹7481,75,00,000 )]                    | 4160.79         | 7345.14         | 2334.08         | 2037.94         | 680.42          |
| (d)  | Units of Liquid Mutual Funds ( Refer Note B-25 of Schedule 18)                               | 0.00            | 0.00            |                 |                 | 390.11          |
| (e)  | SEAF - Indian Agri- Business   | 8.33            | 7.58            | 4.85            | 2.08            | 0.38            |
| (f)  | APIDC - Venturies Life Fund III  | 12.49           | 10.19           | 7.60            | 5.85            | 4.98            |
| (g)  | BVF (Bio-Tech Venture Fund) - APIDC-V Investment   | 4.98            | 4.98            | 4.98            | 4.98            | 5.00            |
| (h)  | Ominovore India Capital Trust  | 13.01           | 8.07            | 3.00            | 0.00            |                 |
| (i)  | India Oppurtunities  | 7.32            | 4.60            | 2.42            | 0.00            |                 |
| (j)  | IvyCap Ventures Fund   | 12.00           | 2.00            |                 |                 |                 |
| (k)  | Tata Capital Innovation Fund   | 29.51           | 22.60           | 16.85           | 13.01           |                 |
| (l)  | TVS Shriram Growth Fund IB   | 8.34            | 0.00            |                 |                 |                 |
|      | <b>Total</b>   | <b>21238.29</b> | <b>23310.83</b> | <b>15713.77</b> | <b>18209.83</b> | <b>19329.51</b> |

All the above investments are made in India

@ The company is valued at Rs.1/-. The provision against the investment is shown under the head Provision against Non Performing Investments Schedule -9 ( Refer Note B-31 of Schedule 18)

#### Schedule 12 - Advances

(₹ in crores)

| Sr. No. | Particulars   | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Refinance Loans   |                     |                     |                     |                     |                     |
| (a)     | Production & Marketing Credit   | 88711.21            | 79806.15            | 65175.58            | 48337.75            | 33884.82            |
| (b)     | Conversion Loans for Production Credit                                    | 0.00                | 0.00                | 64.41               | 128.81              | 193.22              |
| (c)     | Other Investment Credit   |                     |                     |                     |                     |                     |
| (i)     | Medium Term and Long Term Project Loans (Refer Note B -24 of Schedule 18) | 61916.86            | 46684.72            | 38254.75            | 30761.76            | 25435.26            |
| (ii)    | Interim Finance   | 0.00                |                     | 0.00                | 1.60                |                     |
| (iii)   | Direct refinance to DCCBs   | 2818.17             | 2011.61             | 1349.81             | 910.34              |                     |
| (iv)    | NABARD (Warehousing) Refinance Scheme                                     | 0.00                | 0.00                | 758.10              | 759.10              |                     |
| (v)     | JNN Solar Mission   | 13.26               | 19.73               | 26.63               | 30.32               |                     |
| 2       | Direct Loans  |                     |                     |                     |                     |                     |
| (a)     | Loans under Rural Infrastructure Development Fund                         | 83545.23            | 78957.08            | 75060.96            | 70860.31            | 66077.96            |
| (b)     | Loans under Warehouse Infrastructure Fund                                 | 1153.50             | 415.65              |                     |                     |                     |
| (c)     | Long Term Non-Project Loans   | 58.57               | 82.87               | 109.37              | 140.06              | 167.21              |
| (d)     | Loans under NABARD Infrastructure Development Assistance (NIDA)           | 2222.63             | 1750.27             | 1281.27             | 422.90              |                     |
| (e)     | Loans to Producers' Organisation Development                              | 354.86              | 259.21              | 82.93               | 7.41                |                     |

|        |  |           |           |           |           |           |
|--------|--|-----------|-----------|-----------|-----------|-----------|
|        | (Net of provision)   |           |           |           |           |           |
| (f)    | Credit Facility to Federations[CFF]                                      | 4827.45   | 2594.67   | 2500.00   | 0.00      |           |
| (g)    | Other Loans:   |           |           |           |           |           |
| (i)    | Co-operative Development Fund Programme Loans                            | 1.29      | 1.73      | 2.17      | 2.61      | 3.12      |
| (ii)   | Micro Finance Development Equity Fund Programme Loans (Net of Provision) | 12.81     | 32.40     | 48.44     | 72.91     | 89.23     |
| (iii)  | Watershed Development Fund Programme Loans                               | 41.45     | 38.10     | 41.18     | 36.25     | 32.10     |
| (iv)   | Tribal Development Fund Programme Loans                                  | 15.11     | 13.17     | 11.27     | 7.03      | 3.47      |
| (v)    | KfW UPNRM Loans (Net of provision)                                       | 127.24    | 142.00    | 113.15    | 71.23     | 53.12     |
| (vi)   | Farm Innovation & Promotion Fund Programme Loans                         | 0.00      | 0.23      | 0.21      | 0.32      | 0.41      |
| (vii)  | NFS Promotional Activities Programme Loans (Net of provision)            | 7.36      | 9.54      | 2.71      | 2.86      | 0.50      |
| (viii) | Farmers Technology Transfer Fund   | 0.20      | 0.89      | 0.29      | 0.02      |           |
| (ix)   | Off Farm Sector Promotion Activities Programme Loans                     | 12.48     | 0.00      |           |           |           |
| (x)    | Farm Sector Promotion Activities Programme Loans                         | 1.70      | 0.00      |           |           |           |
| (h)    | Co-Finance Loans (Net of provision)                                      | 9.50      | 22.67     | 36.71     | 72.36     | 87.59     |
| (i)    | CP - HCC Deemed Advance  | 48.59     | 51.68     | 52.24     | 0.00      |           |
|        | Total  | 245899.49 | 212894.36 | 184972.17 | 152625.95 | 126028.00 |

**Schedule 13 - Fixed Assets**

(₹ in crores)

| Sr. No. | Particulars   | As on 31.03.2015 | As on 31.03.2014 | As on 31.03.2013 | As on 31.03.2012 | As on 31.03.2011 |
|---------|---|------------------|------------------|------------------|------------------|------------------|
| 1       | LAND : Freehold & Leasehold ( Refer Note B-23 of Schedule 18) |                  |                  |                  |                  |                  |
|         | Opening Balance   | 162.83           | 162.85           | 147.57           | 148.08           | 146.12           |
|         | Additions/adjustments during the year                         | -0.40            | -0.01            | 15.35            | -0.51            | 1.96             |
|         | Sub-Total   | 162.44           | 162.83           | 162.92           | 147.57           | 148.08           |
|         | Less: Cost of assets sold/written off                         | 0.00             | 0.00             | 0.07             | 0.00             |                  |
|         | Closing Balance (at cost)                                     | 162.44           | 162.83           | 162.85           | 147.57           |                  |
|         | Less: Amortisation of Lease Premia                            | 49.06            | 46.48            | 44.55            | 42.04            | 40.60            |
|         | Book Value  | 113.37           | 116.36           | 118.30           | 105.53           | 107.49           |
| 2       | PREMISES ( Refer Note B-23 of Schedule 18)                    |                  |                  |                  |                  |                  |
|         | Opening Balance   | 304.36           | 265.99           | 265.84           | 263.42           | 259.08           |
|         | Additions/adjustments during the year                         | 34.73            | 38.37            | 0.14             | 2.42             | 4.34             |
|         | Sub-Total   | 339.09           | 304.36           | 265.99           | 265.84           | 263.42           |
|         | Less: Cost of assets sold/written off                         | 0.00             | 0.00             | 0.00             | 0.00             |                  |
|         | Closing Balance (at cost)                                     | 339.09           | 304.36           | 265.99           | 265.84           |                  |
|         | Less: Depreciation to date                                    | 215.60           | 182.35           | 171.57           | 164.29           | 156.34           |

|         |   |                     |                     |                     |                     |                     |
|---------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|         | Book Value  | 123.49              | 122.01              | 94.42               | 101.56              | 107.09              |
| 3       | FURNITURE & FIXTURES  |                     |                     |                     |                     |                     |
|         | Opening Balance   | 56.79               | 59.09               | 58.30               | 58.54               | 57.24               |
|         | Additions/adjustments during the year   | 4.73                | 0.40                | 1.34                | 0.09                | 1.43                |
|         | Sub-Total   | 61.52               | 59.49               | 59.65               | 58.63               | 58.68               |
|         | Less: Cost of assets sold/written off   | 0.45                | 2.70                | 0.55                | 0.33                | 0.14                |
|         | Closing Balance (at cost)   | 61.07               | 56.79               | 59.09               | 58.30               | 58.54               |
|         | Less: Depreciation to date  | 57.26               | 55.23               | 57.12               | 56.55               | 55.78               |
|         | Book Value  | 3.80                | 1.56                | 1.97                | 1.75                | 2.76                |
| 4       | COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS  |                     |                     |                     |                     |                     |
|         | Opening Balance   | 89.71               | 82.12               | 82.62               | 72.99               | 68.23               |
|         | Additions/adjustments during the year   | 8.30                | 14.43               | 2.94                | 11.72               | 8.85                |
|         | Sub-Total   | 98.01               | 96.55               | 85.55               | 84.72               | 77.08               |
|         | Less: Cost of assets sold/written off   | 2.79                | 7.84                | 3.44                | 2.10                | 4.09                |
|         | Closing Balance (at cost)   | 95.22               | 88.71               | 82.12               | 82.62               | 72.99               |
|         | Less: Depreciation to date  | 84.05               | 77.38               | 75.04               | 70.08               | 62.68               |
|         | Book Value  | 11.17               | 11.33               | 7.08                | 12.54               | 10.31               |
|         |   |                     |                     |                     |                     |                     |
| Sr. No. | Particulars   | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
| 5       | VEHICLES  |                     |                     |                     |                     |                     |
|         | Opening Balance   | 5.49                | 5.47                | 6.30                | 4.43                | 4.39                |
|         | Additions/adjustments during the year   | 1.80                | 1.08                | 0.95                | 4.45                | 1.63                |
|         | Sub-Total   | 7.30                | 6.55                | 7.25                | 8.88                | 6.03                |
|         | Less: Cost of assets sold/written off   | 1.08                | 1.05                | 1.78                | 2.58                | 1.59                |
|         | Closing Balance (at cost)   | 6.22                | 5.49                | 5.47                | 6.30                | 4.43                |
|         | Less: Depreciation to date  | 3.49                | 3.05                | 2.69                | 2.63                | 2.60                |
|         | Book Value  | 2.72                | 2.45                | 2.78                | 3.68                | 1.84                |
|         |   |                     |                     |                     |                     |                     |
| 6       | Capital Work in Progress [Purchase of Staff Quarters & Office Premises] (Refer Note A - 4 (i) of Schedule 18) | 70.63               | 71.58               | 90.91               | 70.76               | 51.49               |
|         | Total   | 325.19              | 325.28              | 315.45              | 295.81              | 280.98              |

**Schedule 14 - Other Assets**

(₹ in crores)

| Sr. No. | Particulars  | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Accrued Interest   | 4343.28             | 3739.10             | 2712.42             | 1804.09             | 1815.75             |
| 2       | Deposits with Landlords  | 1.19                | 1.10                | 1.15                | 1.39                | 1.48                |
| 3       | Deposits with Government Departments and Other Institutions  | 3.39                | 3.36                | 3.21                | 3.15                | 2.98                |
| 4       | Housing loan to staff  | 154.80              | 158.16              | 166.12              | 164.75              | 140.21              |
| 5       | Other Advances to staff  | 89.54               | 87.80               | 76.95               | 77.04               | 65.09               |
| 6       | Advances to Landlords  | 0.01                | 0.02                | 0.02                | 0.03                | 0.01                |
| 7       | Capital Work in Progress [Purchase of Staff Quarters & Office Premises]                                    | 0.00                | 0.00                |                     |                     |                     |
| 8       | Sundry Advances  | 21.42               | 38.00               | 47.26               | 51.49               | 38.58               |
| 9       | Provision for Gratuity ( Refer Note B-32 of Schedule 18)   | 0.00                | 0.00                |                     |                     |                     |
| 10      | Advance Tax (Net of Provision for Income Tax)  | 251.81              | 110.15              | 29.50               | 102.56              | 130.81              |
| 11      | Deferred Tax Assets ( Refer Note B-14 of Schedule 18)  | 151.46              | 115.76              | 85.95               | 71.15               | 233.15              |
| 12      | Expenditure recoverable from Government of India/International Agencies. (Refer Note B-6 of Schedule 18)   | 33.58               | 25.44               | 7.66                |                     |                     |
|         |  |                     |                     |                     | 28.76               | 5.36                |
| 13      | NABARD Gen A/c   | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| 14      | Inter Office A/c   | 0.00                | 0.00                | 0.00                | 0.00                | 0.00                |
| 15      | Discount Receivable  | 151.38              | 142.72              | 41.64               | 94.83               | 35.08               |
| 16      | Investment earmarked for Encashment of Ordinary Leave (net of provision) ( Refer Note B-32 of Schedule 18) | 17.91               | 0.00                |                     |                     |                     |
|         | <b>Total</b>   | <b>5219.76</b>      | <b>4421.61</b>      | <b>3171.86</b>      | <b>2399.24</b>      | <b>2468.50</b>      |

**Schedule 15 - Interest and Financial Charges**

(₹ in crores)

| Sr. No. | Particulars  | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---------|--|---------|---------|---------|---------|---------|
| 1       | Interest Paid on   |         |         |         |         |         |
| (a)     | Deposits under RIDF  | 5292.52 | 4839.86 | 4413.68 | 4078.35 | 3714.33 |
| (b)     | Short Term Cooperative Rural Credit Fund ( Refer Note B-10 of Schedule 18) | 2314.38 | 1439.68 | 609.46  | 376.74  | 259.76  |
| (c)     | ST RRB Credit Refinance Fund ( Refer Note B-10 of Schedule 18)             | 1271.95 | 570.87  | 120.52  | 0.00    |         |
| (d)     | Term Deposits  | 0.00    | 0.00    | 0.65    | 2.68    | 22.78   |
| (e)     | Tea / Coffee / Rubber Deposits   | 20.27   | 20.65   | 18.91   | 16.85   | 10.87   |
| (f)     | CBS Deposits   | 0.77    | 2.29    | 2.31    | 0.50    |         |
| (g)     | Deposits / Borrowings  | 0.00    | 0.00    | 0.00    | 0.00    |         |
| (h)     | Loans from Central Government  | 2.15    | 2.89    | 4.01    | 7.28    | 10.21   |
| (i)     | Borrowings from Reserve Bank of India                                      | 0.00    | 149.79  |         |         |         |
| (j)     | Bonds ( Refer Note B-10 of Schedule 18)                                    | 2970.15 | 3776.24 | 3170.58 | 2420.01 | 1680.26 |

|         |   |          |          |         |         |         |
|---------|---|----------|----------|---------|---------|---------|
| (k)     | Commercial Paper  | 429.32   | 139.70   | 234.18  | 372.08  | 247.82  |
| (l)     | Term Money Borrowings   | 24.05    | 9.69     | 12.28   | 14.75   | 21.07   |
| (m)     | Borrowing against ST Deposit  | 0.03     | 0.00     | 0.01    | 2.66    | 31.11   |
| (n)     | Discount Cost Paid on Certificate of Deposits   | 0.00     | 0.00     | 47.03   | 37.53   | 6.30    |
| (o)     | Corporate Borrowings from Banks and FIs in India  | 0.00     | 0.00     |         |         | 21.36   |
| (p)     | Borrowings from International Agencies  | 27.70    | 21.20    | 19.77   | 20.85   | 22.59   |
| (q)     | Watershed Development Fund  | 57.15    | 96.14    | 104.47  | 109.46  | 81.26   |
| (r)     | Micro Finance Development and Equity Fund   | 0.00     | 0.00     | 4.00    | 8.34    | 11.29   |
| (s)     | Rural Innovation Fund   | 3.00     | 3.09     | 3.63    | 4.67    | 4.14    |
| (t)     | Financial Inclusion Fund  | 108.40   | 78.91    | 27.85   | 3.45    | 4.16    |
| (u)     | Financial Inclusion Technology Fund   | 0.00     | 0.00     | 0.00    | 0.52    | 4.34    |
| (v)     | Indo German Watershed Development Programme - Andhra Pradesh                            | 0.02     | 0.01     | 0.01    | 0.00    | 0.01    |
| (w)     | Indo German Watershed Development Programme - Rajasthan                                 | 0.01     | 0.00     | 0.00    | 0.01    | 0.02    |
| (x)     | Indo German Watershed Development Programme - Gujarat                                   | 0.01     | 0.00     | 0.01    | 0.03    | 0.01    |
| (y)     | KfW UPNRM - Accompanying measures   | 0.18     | 0.00     | 0.01    | 0.01    | 0.01    |
| (z)     | KfW - NB Indo German Watershed Development Programme - Phase III - Maharashtra          | 0.05     | 0.05     | 0.12    | 0.05    | 0.06    |
| (aa)    | KfW - NB - IX Adivasi Development Programme   | 0.38     | 0.20     | 0.16    | 0.09    | 0.19    |
| (ab)    | KFW NB V - Adivasi Project  | 0.08     | 0.00     | 0.00    | 5.82    |         |
| (ac)    | Commitment Charges -KfW UPNRM Borrowings  | 0.26     | 0.19     | 0.00    | 0.07    | 0.21    |
| (ad)    | Livelihood Advancement Business School RF Project - Sultanpur, Uttar Pradesh            | 0.00     | 0.00     |         |         | 0.02    |
| (ae)    | Livelihood Advancement Business School RF Project - Rae Bareli, Uttar Pradesh           | 0.00     | 0.00     |         |         | 0.06    |
| (af)    | KfW UPNRM   | 0.00     | 0.00     |         |         |         |
| (ag)    | Multi Activity Approach for Poverty Alleviation BAIF Project - Sultanpur, Uttar Pradesh | 0.00     | 0.00     | 0.04    | 0.03    | 0.04    |
| (ah)    | Multi Activity Approach for Poverty Alleviation BAIF Project -Rae Bareli, Uttar Pradesh | 0.00     | 0.00     | 0.01    | 0.03    | 0.11    |
| (ai)    | Cattle Development Programme (UP & Bihar)   | 0.01     | 0.00     | 0.05    | 0.08    | 0.18    |
| Sr. No. | Particulars   | 2014-15  | 2013-14  | 2012-13 | 2011-12 | 2010-11 |
| (aj)    | GOI Guarantee Charges -KfW UPNRM Borrowings   | 0.00     | 0.00     |         |         |         |
| (ak)    | Cost of Hedging on KfW UPNRM Borrowings   | 0.00     | 0.00     |         |         |         |
| (al)    | TDF Wadi [West Bengal]  | 64.12    | 79.24    | 109.12  | 0.00    |         |
| (am)    | Centre for Professional Excellence in Co-operatives (C - PEC)                           | 0.14     | 0.06     | 0.03    | 0.00    |         |
| (an)    | Warehouse Infrastructure Fund   | 87.95    | 8.15     |         |         |         |
| (ao)    | Long Term Rural Credit Fund   | 124.77   | 0.00     |         |         |         |
| 2       | Discount on Collateralised Borrowing and Lending Obligations                            | 96.74    | 45.71    | 41.76   | 40.71   | 26.60   |
| 3       | Discount, Brokerage, Commission & issue exp. on Bonds and Securities                    | 9.17     | 3.47     | 5.08    | 6.64    | 5.79    |
| 4       | Capital Loss - Equity Shares of Other Institutions                                      | 0.06     | 0.00     |         |         |         |
| 5       | Swap Charges  | 23.16    | 9.44     | 5.10    | 3.72    | 6.93    |
| 5       | Repo Interest Expenditure   | 0.00     | 0.00     |         |         |         |
|         | Total   | 12928.96 | 11297.52 | 8954.83 | 7534.02 | 6193.87 |



**Schedule 16 A - Establishment and Other Expenses**

(₹ in crores)

| Sr. No. | Particulars  | 2014-15        | 2013-14        | 2012-13        | 2011-12       | 2010-11        |
|---------|--|----------------|----------------|----------------|---------------|----------------|
| 1       | Salaries and Allowances ( Refer Note B-13 of Schedule 18)  | 725.85         | 717.48         | 558.79         | 442.63        | 586.57         |
| 2       | Contribution to / Provision for Staff Superannuation Funds   | 250.28         | 274.67         | 287.41         | 345.27        | 327.62         |
| 3       | Other Perquisites & Allowances   | 29.53          | 29.11          | 26.17          | 27.18         | 22.96          |
| 4       | Travelling & Other allowances in connection with Directors' & Committee Members' Meetings  | 0.40           | 0.49           | 0.68           | 0.22          | 0.13           |
| 5       | Directors' & Committee Members' Fees   | 0.03           | 0.03           | 0.05           | 0.01          | 0.01           |
| 6       | Rent, Rates, Insurance, Lighting, etc.   | 31.82          | 37.42          | 30.28          | 21.82         | 20.83          |
| 7       | Travelling Expenses  | 28.01          | 33.62          | 32.49          | 29.04         | 24.50          |
| 8       | Printing & Stationery  | 3.94           | 3.17           | 3.39           | 3.21          | 2.81           |
| 9       | Postage, Telegrams & Telephones  | 12.26          | 10.00          | 9.57           | 8.73          | 8.49           |
| 10      | Repairs  | 19.45          | 13.90          | 11.22          | 8.52          | 6.56           |
| 11      | Auditors' Fees ( Refer Note B-6 of Schedule 18)  | 0.35           | 0.44           | 0.10           | 0.09          | 0.08           |
| 12      | Legal Charges  | 1.60           | 0.91           | 0.84           | 0.29          | 0.18           |
| 13      | Miscellaneous Expenses   | 59.37          | 48.61          | 43.39          | 42.25         | 40.78          |
| 14      | Expenditure on Miscellaneous Assets  | 8.32           | 5.06           | 6.34           | 5.85          | 0.44           |
| 15      | Expenditure on Study & Training<br>[Including ₹19,48,20,487.32 (₹16,57,33,430.00) pertaining to establishment expenses of Training Establishments] | 52.94          | 44.49          | 39.60          | 39.25         | 33.46          |
| 16      | Wealth Tax   | 5.55           | 3.60           | 4.04           | 3.81          | 2.29           |
|         | <b>Total</b>   | <b>1229.69</b> | <b>1223.00</b> | <b>1054.36</b> | <b>978.16</b> | <b>1077.71</b> |

**Schedule 16 B - Expenditure on promotional activities**

(₹ in crores)

| Sr. No. | Particulars                                   | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|---------|---|--------------|--------------|--------------|--------------|--------------|
| (i)     | Cooperative Development Fund                  | 11.71        | 9.58         | 21.88        | 5.35         | 6.05         |
| (ii)    | Micro Finance Development and Equity Fund     | 0.00         | 0.00         | 0.00         | 10.61        | 11.41        |
| (iii)   | Watershed Development Fund                    | 0.00         | 0.00         | 0.00         | 0.00         | 1.01         |
| (iv)    | Farm Innovation and Promotion Fund            | 0.00         | 13.01        | 10.06        | 2.74         | 2.39         |
| (v)     | Producers' Organization Development Fund      | 2.15         | 1.83         | 0.39         | 0.00         |              |
| (vi)    | Rural Infrastructure Promotion Fund           | 2.29         | 1.17         | 1.13         | 0.00         |              |
| (vii)   | Farmers Technology Transfer Fund              | 0.00         | 0.00         |              |              |              |
| (viii)  | Exp. for NFS Promotional Measures/ Activities | 1.40         | 10.41        | 19.02        | 30.24        | 27.53        |
| (ix)    | Expenditure under Farm Sector Promotion Fund  | 43.64        | 0.00         |              |              |              |
| (x)     | Expenditure under Climate Change Programme    | 0.01         | 0.00         |              |              |              |
|         | <b>Total</b>                                  | <b>61.19</b> | <b>36.00</b> | <b>52.48</b> | <b>48.95</b> | <b>48.39</b> |

**Schedule 16 C – Provisions**

(₹ in crores)

| Sr. No. | Particulars  | 2014-15       | 2013-14      | 2012-13       | 2011-12       | 2010-11      |
|---------|--|---------------|--------------|---------------|---------------|--------------|
|         | Provisions for :   |               |              |               |               |              |
| 1       | Standard Assets  | 124.20        | 88.07        | 125.66        | 78.74         |              |
| 2 (a)   | Non Performing Assets (net of withdrawal from Countercyclical Provisioning Buffer- Refer Note B - 43 (b) & (e) of Schedule 18) | 0.00          | -12.63       | 33.26         | 14.80         |              |
| 2 (b)   | Non Performing Assets – staff  | 0.04          | 0.00         | 0.00          | 0.07          | 32.90        |
| 3       | NB Gen Advices   |               |              |               |               | -0.53        |
| 4       | Provision for Non performing investments   | 16.00         | 0.00         |               |               |              |
| 5       | Depreciation in Value of Investment Account - Equity   | -0.59         | 0.00         | 0.00          | -0.80         | -0.05        |
| 6       | Sacrifice in interest element of restructured Accounts ( Refer Note B-40 (b) of Schedule 18)                                   | -21.96        | -11.31       | -2.88         | 51.37         | -0.08        |
| 7       | Other Assets / Receivable  | -3.43         | -8.46        | 8.74          | 0.00          | 3.37         |
| 8       | Amount written off a/c - Co - Finance  | 0.00          | 17.46        |               |               |              |
|         | <b>Total</b>   | <b>114.25</b> | <b>73.13</b> | <b>164.77</b> | <b>144.18</b> | <b>35.60</b> |

**Schedule 17 - Commitments and Contingent Liabilities**

(₹ in crores)

| Sr. No. | Particulars  | As on<br>31.03.2015 | As on<br>31.03.2014 | As on<br>31.03.2013 | As on<br>31.03.2012 | As on<br>31.03.2011 |
|---------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1       | Commitments on account of capital contracts remaining to be executed | 51.02               | 44.53               | 25.80               | 229.32              | 37.81               |
|         | Sub Total "A"  | 51.02               | 44.53               | 25.80               | 229.32              | 37.81               |
| 2       | Contingent Liabilities   |                     |                     |                     |                     |                     |
| (i)     | Claims against the Bank not acknowledged as debt.                    | 0.00                | 0.00                | 0.24                | 0.24                | 0.00                |
| (ii)    | Income Tax matters in appeal   | 0.00                | 0.00                |                     |                     | 0.00                |
|         | Sub Total "B"  | 0.00                | 0.00                | 0.24                | 0.24                | 0.00                |
|         | <b>Total (A + B)</b>   | <b>51.02</b>        | <b>44.53</b>        | <b>26.04</b>        | <b>229.56</b>       | <b>37.81</b>        |

## **Schedule 18**

### **SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of Preparation:**

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank/NABARD) and are consistent with those used in the previous year.

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

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

##### **3. Revenue recognition:**

3.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

- i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
- ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
- iii) Service Charges on loans given out of various Funds.
- iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

3.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

3.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

3.4 Expenditure incurred on Subsidy scheme includes approved claims of reimbursements pending disbursements.

3.5 Income from Venture Capital funds is accounted on realization basis.

3.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1957.

3.7 Recovery in non-performing assets (NPA) is appropriated in the following order:

- i) penal interest
- ii) cost & charges
- iii) overdue interest and interest
- iv) Principal

#### 4. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- b) Land includes freehold and leasehold land.
- c) Premises include value of land, where segregated values are not readily available.
- d) Depreciation on premises situated on freehold land is charged at 10% p.a., on written down value basis.
- e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land, on straight-line basis, whichever is higher.
- f) Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000/-. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.
- g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

| Type of Assets         | Depreciation Rate |
|------------------------|-------------------|
| Furniture and Fixtures | 20%               |
| Computer & Software    | 33.33%            |
| Office Equipment       | 20%               |
| Vehicles               | 20%               |

- h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.
- i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

#### 5. Investments

- a) In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).
- b) Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.
- c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortized over the period remaining to maturity. Provision for diminution, other than

temporary, in the value of investments in subsidiaries and joint ventures under the category “HTM” is made, wherever necessary. Provision for diminution/ amortization, in value of such investments, is included under Current Liabilities and Provisions.

- d) Profit on redemption of investment categorized under “HTM” is recognized in Profit & Loss A/c and then transferred to Reserve A/c.
- e) Investments under “AFS” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as “AFS” and appreciation is ignored. The book value of the individual scrip are not changed after the revaluation.
- f) Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/appreciation is recognized in the category for investments classified as “HFT”. The book value of the individual scrip are changed after the revaluation.
- g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- h) Treasury Bills are valued at carrying cost.
- i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹1/- per Company as per RBI guideline.
- j) Brokerage, commission, etc. paid in respect of investments including unlisted equities, at the time of acquisition, are charged to revenue.
- k) Brokerage, paid on acquisition/disposal of equities traded on stock exchange is capitalized.
- l) Broken period interest paid/received on debt investment is treated as interest expenses/ income and is excluded for cost/ sale consideration.
- m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- n) Amortization/Gain/Loss on Revaluation of Government Securities is charged to Profit and Loss Account.
- o) Weighted average cost method has been followed for accounting for investments.

## **6. Advances and Provisions thereon**

- a) Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.
- c) Advances are stated net of provisions towards Non-performing Advances.
- d) Provision for Non-Performing Loans in respect of loans granted out of funds are charged to the respective funds to the extent available.

## **7. Foreign Currency Transactions**

As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:

- a) Assets and liabilities in foreign currency, are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head 'Gain/Loss on revaluation of foreign Deposits & Borrowings' and
- b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## **8. Accounting for Foreign Exchange Contracts**

- a) Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium/discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

## **9. Employee Benefits**

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, are carried out at each balance sheet date.

### **a) Short Term Employee Benefits:**

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

### **b) Post Employment Benefits:**

#### **i) Defined Contribution Plan**

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

#### **ii) Defined Benefit Plan**

- a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.
- b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

#### **iii) Other Long Term benefits**

All eligible employees of the bank are eligible for compensated absences. All the eligible employees are also eligible for post-retirement medical benefits. The cost of providing other

long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

#### **10. Taxes on Income**

- a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

#### **11. Segment Reporting**

- a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".
- c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

#### **12. Impairment of Assets**

- a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
  - i) the provision for impairment loss, if any, required; or
  - ii) the reversal, if any, required for impairment loss recognized in the previous periods.
- b) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

#### **13. Provisions, Contingent Liabilities and Contingent Assets**

13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

- a) the Bank has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

- 13.2 Contingent liability is disclosed in the case of:
- a) a possible obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
  - b) a present obligation when no reliable estimate is possible, and
  - c) a possible obligation arising from past events where the probability of outflow of resources is remote.
- 13.3 Contingent assets are neither recognized, nor disclosed.
- 13.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

**14. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.



## SIGNIFICANT NOTES TO THE ACCOUNTS

- In accordance with the Memorandum of Understanding entered into with the “Swiss Agency for Development Cooperation”, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF). An amount of ₹2.48 crores upto 30 September 2014 (₹1.62 crores for FY 2013-14) has been credited to the said fund. With effect from 01 October 2014, based on the resolution of the Board, Rural Innovation Fund (RIF) and Rural Promotion Fund (RPF) are merged and a new fund has been created named as “RPF & RIF - Off-Farm Sector Promotion Fund”.
- Based on the resolution of the Board, “Farmers Technology Transfer Fund”(FTTF) and “Farm Innovation Promotion Fund”(FIPF) are merged to create a new fund “Farm Sector Promotion Fund”(FSPF) w.e.f. 01 August 2014. Accordingly the expenditure of erstwhile FTTF and FIPF are accounted as the expenditure of FSPF.
- Department of Agriculture and Co-operation (DAC), Government of India vide their. D.O. No.16011/3/2013-M.II dated 09 May 2014 has introduced an “Integrated Scheme of Agricultural Marketing” (ISAM). As per the decision of Government of India “Grameen Bhandaran Yojna” (GBY) and “Scheme for development/ strengthening of Agricultural Marketing Infrastructure, Grading and Standardization” (AMIGS) have been combined into ISAM.
- In terms of the agreement with Kreditanstalt Fur Wiederaufbau -German Development Bank (KfW), accretion/income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8.  
During the year, a sum of ₹ 15.68 crores has been incurred towards admissible expenditure and provision for NPA for Loans granted under KfW UPNRM Scheme. NABARD has accounted for ₹12.51 crores and ₹2.74 crores under the UPNRM Fund and UPNRM Risk Mitigation Fund, respectively towards such costs. The balance (to the extent not available in the funds) of ₹ 0.43 crores has been accounted in the Profit and Loss Account.
- Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the management. The details of rate of interest for respective funds are as under:

| Sr No | Name of the Fund  | Rate of Interest for 2014-15 | Rate of Interest for 2013-14 |
|-------|---|------------------------------|------------------------------|
| 1.    | Watershed Development Fund                                      | 6%                           | 6%                           |
| 2.    | KfW- NB IGWDP (Andhra Pradesh, Gujarat, Maharashtra, Rajasthan) | 6%                           | 6%                           |
| 3.    | KfW Accompanying Measures                                       | 6%                           | 6%                           |
| 4.    | Rural Innovation Fund*  | 6%                           | 6%                           |
| 5.    | Tribal Development Fund   | 6%                           | 6%                           |
| 6.    | Financial Inclusion Fund  | 6%                           | 6%                           |
| 7.    | Kfw NB- V Adivasi Development Programme- Gujrat                 | 6%                           | ---                          |
| 8.    | Cattle Development Fund (UP & Bihar)                            | 10.80%                       | 5.85%                        |
| 9.    | Multi Activity Approach For Poverty                             | 10.80%                       | 5.85%                        |

|    |  |        |       |
|----|--|--------|-------|
|    | Alleviation (Sultanpur and Rae Bareilly)               |        |       |
| 10 | Center for Professional Excellence in Co-operatives.   | 10.80% | 5.85% |
| 11 | Kfw NB- IX- Adivasi Development Programme- Maharashtra | 10.80% | 5.85% |

\* paid upto 30 September 2014

6. Recoverable from Government of India/International Agencies (Refer Schedule-14 of Balance Sheet) includes ₹33.58 crores (₹24.69 crores ) being debit balance of various funds. The details of such funds are as under:

| (₹ in crores) |   |            |            |
|---------------|---|------------|------------|
| Sr No.        | Name of the Fund                              | 31-03-2015 | 31-03-2014 |
| 1             | KfW- NB IGWDP ( Andhra Pradesh)               | 0.09       | 0.41       |
| 2             | KfW- NB IGWDP (Rajasthan)                     | 2.01       | 3.88       |
| 3             | KfW- NB IGWDP (Gujarat)                       | ---        | 4.44       |
| 4             | IFAD- Priyadarshni Programme                  | 6.80       | 0.83       |
| 5             | GIZ UPNRM- Technical Collaboration            | 0.20       | ---        |
| 6             | KfW UPNRM- Accompanying Measures              | ---        | 1.15       |
| 7             | KfW UPNRM- Financial Contribution             | 0.62       | 0.10       |
| 8             | Implementation Cost [RRR - Handloom Package ] | 8.55       | 8.55       |
| 9             | Interest Subvention [RRR - Handloom Package]  | 13.63      | 5.27       |
| 10            | Technical Assistance [RRR - Handloom Package] | 1.37       | ---        |
| 11            | IFAD-MRCP                                     | 0.06       | 0.06       |
| 12            | Others  | 0.25       | 0.00       |

7. Sundry creditors includes ₹ 35.50 (₹44.74 crores) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF), which was closed in the earlier year. Details of the same is as under:

| (₹ in crores)           |                                     |   |                                     |                                     |
|-------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|
| Particulars             | Opening Balance as on 01 April 2014 | Excess contribution by NABARD Transferred to Reserve Fund | Withdrawn towards provision for NPA | Closing Balance as on 31 March 2015 |
| 1                       | 2                                   | 3   | 4                                   | 5 [2-(3+4)]                         |
| Sundry Creditors- mFDEF | 44.74                               | 2.18  | 7.06                                | 35.50                               |

8. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural

Credit Refinance Fund (STCRC) deposits, Short Term RRB Credit Refinance Fund (STRRB) deposits and Warehousing Infrastructure Fund (WIF) deposits, placed by the Commercial Banks is credited to Tribal Development Fund, Watershed Development Fund and Financial Inclusion Fund as per directions of Reserve Bank of India. Previous year, the amounts were credited to Financial Inclusion Fund.

9. Negative balance of ₹49.34 crores in Financial Inclusion Technology fund (FITF) represents amounts spent by NABARD based on the commitments made under the fund. NABARD has approached Reserve Bank of India to permit them to transfer the said amount to Financial Inclusion Fund. Pending such approval, the balance has been disclosed under the FITF.
10. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹1416.37 crores (₹ 1843.58 crores) and ₹ 17.11 crores (₹0.62 crores) under National Rural Livelihood Mission (NRLM) respectively, being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 14.
11. Other receipts includes ₹162.62 crores (₹134.59 crores) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.
12. The legal dispute with the builders of staff quarters located at Mumbai has been settled by the Supreme Court. During the year, the Bombay High Court has refunded the deposit paid by NABARD in respect of the said suit alongwith Interest of ₹76.75 crores (Nil). Such interest had been accounted under "Other Income" in profit and loss account. Subsequent to the yearend, the Conveyance in respect of such staff quarters has been executed by NABARD.
13. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2012. Pending such settlement an amount of ₹135.00 crores (₹180 crores) has been provided under the head "Salary and Allowances" during the year.
14. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss Account the deferred tax of ₹35.70 crores (₹29.81 crores). The details of the deferred tax are as under:

(₹ in crores)

| Sr. No. | Deferred Tax Assets                  | 31 March 2015 | 31 March 2014 |
|---------|--------------------------------------|---------------|---------------|
| 1       | Provision allowable on payment basis | 117.71        | 106.13        |
| 2       | Depreciation on Fixed Assets         | 33.75         | 9.63          |
|         | <b>Total</b>                         | <b>151.46</b> | <b>115.76</b> |

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

15. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crores was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.

16. Income Tax Department has reopened the assessment for the Assessment Year 2006-07, during the FY 2011-12. An amount of ₹343.21 crores has been added to the income of the Bank during the re-assessment of the income. Out of above,
- a) an addition of ₹132.08 crores has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.
  - b) Further, an amount of ₹211.13 crores has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT- Appeals and also an rectification application with Assessing Officer. Pending the outcome of the appeal/ rectification application, the bank has
    - accounted the tax including interest amounting to ₹97.83 crores under the head Watershed Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and
    - The bank has paid an amount of ₹108.60 crores out of the total demand of ₹254.22 crores by way of adjustment of refund of taxes of previous years.
17. During the Reassessment of the income for the Assessment Year 2007-08 (reopened during 2011-12) an additional tax liability of ₹157.47 crores was assessed on account of differential interest accounted under the RIDF/STCRC. The Bank has provided and paid said liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹129.99 crores is accounted under Tribal Development Fund during FY 2012-13.
18. Income Tax Department has reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13. An amount of ₹349.42 crores has been added to the income of the Bank during the re-assessment of the income. The addition has been made on account of differential interest accounted under the RIDF which was credited to Tribal Development Fund in terms of the RBI directions. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has
  - accounted the tax including interest amounting to ₹174.59 crores under the head Tribal Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and paid the total demand of ₹174.59 crores.
19. Income Tax Department has reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13. An amount of ₹573.16 crores has been added to the income of the Bank during the re-assessment of the income. Out of above, an addition of ₹527.52 crores has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions. Further, an amount of ₹45.64 crores has been added to the income of the Bank on account other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has
  - accounted the tax including interest amounting to ₹236.45 crores under the head Watershed Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and
  - Provided the tax including interest of ₹ 20.45 crores to the Profit and Loss Account for the year. The bank has paid the total demand of ₹256.90 crores.
20. During the Assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crores was assessed on account of differential interest accounted under the RIDF/STCRC and

- others. The Bank has provided and paid the liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crores was accounted under Tribal Development Fund during FY 2012-13.
21. During the Assessment of the income for the Assessment Year 2011-12 a tax liability of ₹424.95 crores was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has provided and paid the liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹359.84 crores was accounted under Watershed Development Fund during FY 2013-14.
22. During the year, the Income Tax Department, for the Assessment year 2012-13, has made an addition of ₹1002.68 crores on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹145.90 crores has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has -accounted the tax including interest amounting to ₹425.40 crores under the head Tribal Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and  
- Provided the tax including interest on account of disallowance amounting to ₹61.90 crores to the Profit and Loss Account for the year. The tax demand of ₹487.30 crores has been fully paid by the Bank.
23. Free hold land and lease Land' and 'Premises' include - ₹29.87 crores (₹29.87 crores) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed. Subsequent to the date of the Balance Sheet, conveyance in respect of Staff Quarters valuing to ₹10.21 crores have been executed.
24. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
- a) Classified as Investments and shown in Schedule – 11 under the head 'Debenture and Bonds'.
  - b) Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.
  - c) 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
  - d) The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to Nil (Nil).
25. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹492 crores (₹393.51crores) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective/ other projects, the amount has been classified as disbursement from the fund.
26. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(₹ in crores)

| Particulars  | Face Value           | Book Value           |
|--|----------------------|----------------------|
| Pledged for Business Segment (Securities)                                      | 40.00<br>(40.00)     | 37.26<br>(37.26)     |
| Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) | 3086.00<br>(5197.00) | 3054.17<br>(5103.61) |

27. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹2506.22 crores against the book value of ₹1719.18 crores. Out of this, the market value of investment in Venture Capital Fund was ₹63.54 crores against the book value of ₹85.65 crores. Accordingly, the excess of book value over market value was ₹22.11 crores for which no provision was made as per RBI guidelines.

28. **Disclosure on risk exposure in Derivatives**

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 94.88 million (94.56 million) Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted **value** as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year-end exchange rate stood at ₹640.46crores (₹780.89 crores) and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹726.78crores (₹715.01 crores). The quantitative disclosure in this regard is as under:

(₹in crores)

| Sr. No. | Particulars   | Currency Derivatives | Interest Rate Derivatives |
|---------|---|----------------------|---------------------------|
| 1       | Derivatives (Notional Principal amount)                                   |                      |                           |
|         | A) For Hedging  | 640.46<br>(780.89)   | NA                        |
|         | B) For Trading  | NA                   | NA                        |
| 2       | <b>Marked to Market Positions [1]</b>                                     |                      |                           |
|         | a) Asset (+)  | N.A<br>(65.88)       | NA                        |
|         | b) Liability (-)  | 86.32<br>(N.A.)      | NA                        |
| 3       | <b>Credit Exposure [2]</b>  | -243.79<br>(-148.97) | NA                        |
| 4       | <b>Likely impact of one percentage change in interest rate (100*PV01)</b> |                      |                           |
|         | a) on hedging derivatives   | 26.83@<br>(22.13)    | NA                        |
|         | b) on trading derivatives   | NA                   | NA                        |
| 5       | <b>Maximum and Minimum of 100*PV01 observed during the year</b>           |                      |                           |

|  |               |    |    |
|--|---------------|----|----|
|  | a) on hedging | NA | NA |
|  | b) on trading | NA | NA |

@ If MIBOR rates decrease by 100 bps across tenure MTM gain will increase by ₹26.83 crores (₹22.13 crores).

29. Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)

30. Issuer categories in respect of investments made in Debt Securities

(₹ in crores)

| Sr. No. | Issuer                              | Amount               | Investment made through private placement | 'Below investment grade' Securities held | 'Unrated' Securities held | 'Unlisted' Securities |
|---------|-------------------------------------|----------------------|---|--|---------------------------|-----------------------|
| (1)     | (2)                                 | (3)                  | (4)                                       | (5)                                      | (6)                       | (7)                   |
| 1       | PSUs                                | 291.40<br>(139.71)   | 291.40<br>(139.71)                        | -  | -                         | 241.31<br>(39.69)     |
| 2       | FIs                                 | 833.87<br>(279.09)   | 833.87<br>(279.09)                        | -  | -                         | 733.79<br>(179.01)    |
| 3       | Banks                               | 4160.79<br>(7345.14) | 4160.79<br>(7345.14)                      | -  | -                         | 4160.79<br>(7345.14)  |
| 4       | Private Corporate                   | 0.00<br>(280.38)     | 0.00<br>(280.38)                          | -  | -                         | 0<br>(245.38)         |
| 5       | Subsidiaries /Joint ventures        | -                    | -   | -  | -                         | -                     |
| 6       | Others (Net of Provision)           | -                    | -   | -  | -                         | -                     |
| 7       | Provision held towards depreciation | -                    | -   | -  | -                         | -                     |
|         | Total ( 1to 6 minus 7)              | 5286.06<br>(8044.32) | 5286.06<br>(8044.32)                      | -  | -                         | 5135.89<br>(7809.22)  |

31. Non performing investments:

(₹ in crores)

| Particulars   | 2014-15 | 2013-14 |
|---|---------|---------|
| Opening balance as at the beginning of financial year | 0.00    | 0.00    |
| Addition during the year since 01 April 2014          | 16.00   | 0.00    |
| Reduction during the above period                     | 0.00    | 0.00    |
| Closing balance as on 31 March 2015                   | 16.00   | 0.00    |
| Total Provision held                                  | 16.00   | 0.00    |

Investment of ₹ 16.00 crores in Universal Commodity Exchange Limited (UCX) is treated as a Non Performing Investment as the company was barred from operating as a Commodity Exchange following Forward Markets Commission (FMC) directive in July 2014. As per the RBI guidelines the investment in the company is valued at ₹ 1/-.

**32. Disclosure required under AS 15 (Revised) on “Employee Benefits” is as under:**

**32.1 Defined Benefit Plans**

Employees Retirement Benefit plans of the bank include Pension, Gratuity, Leave Encashment and Post-retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**32.1.1 Pension**

**a. Reconciliation of opening and closing balances of defined benefit obligations:**

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 2071.33 | 1847.53 |
| Current Service Cost   | 35.14   | 32.06   |
| Interest Cost  | 186.42  | 152.42  |
| Actuarial gain/loss  | 201.96  | 112.97  |
| Benefits paid  | -83.30  | -73.65  |
| Present value of defined benefits obligations at the year end        | 2411.55 | 2071.33 |

**b. Amount recognised in the Balance Sheet as on 31 March 2015 and previous year from 2010-11 to 2013-14:**

|  | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--|---------|---------|---------|---------|---------|
| Particulars  | Pension | Pension | Pension | Pension | Pension |
| Present value of defined benefits obligations as at the year end | 2411.55 | 2071.33 | 1847.53 | 1556.87 | 1223.03 |
| Fair value of plan assets as at the yearend <sup>@</sup>         | 2351.61 | 2056.07 | 1832.69 | 1311.25 | 288.11  |
| Liability recognized in the Balance sheet as at the year end     | 59.94   | 15.26   | 14.84   | 245.63  | 934.92  |

<sup>@</sup> Includes the Bank’s contribution of ₹444.11 crores (₹417.56 crores) towards PF for pension optees available with RBI. The confirmation of the balance is awaited from RBI.



c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Current Service Cost                                   | 35.14   | 32.06   |
| Interest Cost  | 186.42  | 152.42  |
| Net Actuarial gain/loss                                | 194.77  | 79.16   |
| Expected return on Plan Assets                         | -156.64 | -131.12 |
| Expense recognized in the statement of Profit and Loss | 259.69  | 132.52  |

d. Actuarial assumptions:

| Particulars               | 2014-15            | 2013-14            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 2006-08 (Ultimate) | 2006-08 (Ultimate) |
| Discount rate (per annum) | 8.60%              | 9.00%              |
| Salary growth (per annum) | 5.50%              | 5.50%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

### 32.1.2 Gratuity

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 274.62  | 260.94  |
| Current Service Cost   | 20.76   | 18.31   |
| Interest Cost  | 24.71   | 21.53   |
| Actuarial gain/ loss   | -7.31   | -4.63   |
| Benefits paid  | -27.44  | -21.53  |
| Present value of defined benefits obligations at the year end        | 285.34  | 274.62  |

b. Amount recognized in Balance Sheet as on 31 March 2015 and P. Y. from 2010-11 to 2013-14

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--|---------|---------|---------|---------|---------|
| Present value of defined benefits obligations as at the year end | 285.34  | 274.62  | 260.93  | 239.68  | 242.57  |
| Fair value of plan assets as at the year end                     | 303.01  | 288.49  | 261.90  | 260.82  | 227.85  |

|  |        |        |       |        |       |
|--|--------|--------|-------|--------|-------|
| Liability recognized in the Balance sheet as at the year end | -17.67 | -13.87 | -0.97 | -21.14 | 14.72 |
|--|--------|--------|-------|--------|-------|

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Current Service Cost                                   | 20.76   | 18.31   |
| Interest Cost  | 24.71   | 21.53   |
| Net Actuarial gain/loss                                | -18.85  | 3.15    |
| Expected return on Plan Assets                         | -26.97  | -26.61  |
| Expense recognized in the statement of Profit and Loss | -0.35   | 16.38   |

d. Actuarial assumptions:

| Particulars               | 2014-15            | 2013-14            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 2006-08 (Ultimate) | 2006-08 (Ultimate) |
| Discount rate (per annum) | 8.60%              | 9.00%              |
| Salary growth (per annum) | 7.00%              | 7.00%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

### 32.1.3 Encashment of Ordinary Leave

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 225.88  | 197.26  |
| Current Service Cost   | 8.40    | 2.48    |
| Interest Cost  | 20.33   | 16.27   |
| Actuarial gain/loss  | -5.60   | 22.31   |
| Benefits paid  | -9.32   | -12.44  |
| Present value of defined benefits obligations at the year end        | 239.69  | 225.88  |

b. Amount recognized in the Balance Sheet as on 31 March 2015 and P.Y. from 2010-11 to 2013-14.

(₹in crores)

| Particulars  | 2014-15             | 2013-14             | 2012-13             | 2011-12             | 2010-11             |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Present value of defined benefits obligations as at the year end | 239.69              | 225.88              | 197.26              | 153.03              | 144.88              |
| Funds earmarked by the Bank                                      | 257.61 <sup>§</sup> | 219.28 <sup>§</sup> | 184.06 <sup>§</sup> | 137.14 <sup>§</sup> | 143.66 <sup>§</sup> |
| Liability recognized in the Balance sheet as at the year end     | -17.92              | 6.60                | 13.20               | 15.89               | 1.22                |

§ Represents the amount invested with Insurance companies towards the liability for Leave Encashment.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Current Service Cost                                   | 8.40    | 2.48    |
| Interest Cost  | 20.33   | 16.27   |
| Net Actuarial gain/loss                                | -10.75  | 10.04   |
| Expected return on Plan Assets                         | -31.40  | -16.69  |
| Expense recognized in the statement of Profit and Loss | -13.42  | 12.10   |

d. Actuarial assumptions:

| Particulars               | 2014-15            | 2013-14            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 2006-08 (Ultimate) | 2006-08 (Ultimate) |
| Discount rate (per annum) | 8.60%              | 9.00%              |
| Salary growth (per annum) | 7.00%              | 7.00%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

#### 32.1.4 Post Retirement Medical Benefits

The present value of defined benefit obligation in respect of post retirement medical benefits accounted in Profit and Loss Account is ₹20.27 crores (₹86.35).

**32.1.5** The estimates of rate of escalation in salary considered in actuarial valuation, take into account NABARD related factors, inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

**32.1.6** The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

**32.1.7 Amortisation of Post retirement benefits**

The entire liability towards post-retirement benefits are charged to Profit and Loss account and are not amortised.

**32.1.8 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31st March 2015**

| Particulars              | Pension          | Gratuity         | Encashment of OL |
|--------------------------|------------------|------------------|------------------|
|                          | % of Plan Assets | % of Plan Assets | % of Plan Assets |
| Central Govt. Securities | 26.57            | ---              | ---              |
| State Govt. Securities   | 22.41            | ---              | ---              |
| Insurer Managed Funds    | ---              | 100.00           | 100.00           |
| Others                   | 51.02            | ---              | ---              |
| Total                    | 100.00           | 100.00           | 100.00           |

**32.2 Defined Contribution Plan:**

The bank contributes its share to Provident Fund with RBI. As per the terms the contribution is a defined contribution plan. During the year the bank has contributed ₹18.59 crores (₹16.65 crores) with RBI.

As per the New Pension scheme for the employee's w.e.f. 01 January 2012, the contribution by the bank is a defined contribution. During the year the bank has contributed ₹0.05crores (₹0.07crores) to the said scheme.

33. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.

34. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

| Particulars              | (₹ in crores) |         |
|--------------------------|---------------|---------|
|                          | 2014-15       | 2013-14 |
| Opening Balance          | 0.00          | 0.24    |
| Addition during the year | 0.00          | 0.00    |
| Deletion during the year | 0.00          | 0.24    |
| Closing Balance          | 0.00          | 0.00    |

**35. Related Party Transactions**

As the Bank is state controlled enterprise within the meaning of AS-18 "Related Party Transactions", the details of the transactions with other state controlled enterprises are not given.

List of Related Parties:

a) Companies where entity has control:

| Sr. No. | Companies                       |
|---------|---------------------------------|
| 1.      | Nabard Financial Services Ltd.  |
| 2.      | Agri Business Finance (AP) Ltd. |

|    |   |
|----|---|
| 3. | NABKISAN Finance Ltd.<br>[Formerly known as Agri Development Finance (Tamil Nadu) Ltd.] |
| 4. | Nabard Consultancy Services Pvt. Ltd.   |

b) Key Management Personnel:

| Name of the party              | Designation  |
|--------------------------------|--|
| Dr. Harsh Kumar Bhanwala       | Chairman   |
| Shri Harishkumar Rasiklal Dave | Deputy Managing Director<br>(w.e.f.14 August 2014) |
| Shri R Amalorpavanathan        | Deputy Managing Director<br>(w.e.f.19 August 2014) |

c) Transactions with Key Management Personnel:

(₹ in crores)

| Name of the Party               | Nature of Relationship                            | Nature of Transaction              | Amount of transaction during the year | Outstanding |
|---------------------------------|---|------------------------------------|---------------------------------------|-------------|
| Dr. Harsh Kumar Bhanwala        | Key Management Personnel–Chairman                 | Remuneration including perquisites | 0.22(0.07)                            | 0.00        |
| Shri Harish Kumar Rasiklal Dave | Key Management Personnel–Deputy Managing Director | Remuneration including perquisites | 0.12(0.00)                            | 0.00        |
| Shri R Amalorpavanathan         | Key Management Personnel–Deputy Managing Director | Remuneration including perquisites | 0.12(0.00)                            | 0.00        |

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

36. **Disclosure of Remuneration**

Chairman and Deputy Managing Directors of NABARD who are appointed by the Central Government are entitled to incentives under the Performance Linked Incentive Scheme of Department of Financial Services, Government of India as conveyed vide GOI office memorandum No. 3/2/2009-IF.I dated 24 June 2009. The performance evaluation for payment of incentive under the scheme is done by the sub-committee of the Board called “Remuneration Committee”. The said committee for 2014-15 is yet to be constituted. No provision has been made for such incentive during the year.

37. **Prior period items** included in the Profit and Loss account are as follows:

(₹ in crores)

| Sr. No. | Particulars | 2014-15 | 2013-14 |
|---------|-------------|---------|---------|
| 1.      | Income      | 0.09    | 0.23    |

|              |                                  |             |              |
|--------------|----------------------------------|-------------|--------------|
| 2.           | Revenue Expenditure              | -0.04       | -0.23        |
| 3.           | Post Retirement Medical Benefits | 0.00        | 93.18        |
| 4.           | Fund Expenditure                 | 0.00        | -0.21        |
| <b>Total</b> |                                  | <b>0.05</b> | <b>92.97</b> |

### 38. Capital

#### 38.1 Pattern of Capital contribution as on the date of the Balance Sheet:

NABARD has received an amount of ₹300 crores from Government of India (vide their letters No. F.No.20/16/2010-AC dated 12 May 2014 and 14 August 2014 towards Share Capital. Consequent to this the shareholding of Government of India and RBI in the Paid up capital of NABARD as on 31 March 2015 was at 99.60% : 0.40% as per details given below.

(₹ in crores)

| Contributor           | 31 March 2015   |                | 31 March 2014   |                |
|-----------------------|-----------------|----------------|-----------------|----------------|
| Reserve Bank of India | 20.00           | 0.40%          | 20.00           | 0.43%          |
| Government of India   | 4,980.00        | 99.60%         | 4,680.00        | 99.57%         |
| <b>Total</b>          | <b>5,000.00</b> | <b>100.00%</b> | <b>4,700.00</b> | <b>100.00%</b> |

#### 38.2 Capital to Risk-weighted Assets Ratio (CRAR)

(Percent)

| Particulars        | 31 March 2015 | 31 March 2014 |
|--------------------|---------------|---------------|
| CRAR               | 16.91         | 16.61         |
| Core CRAR          | 15.83         | 15.48         |
| Supplementary CRAR | 1.08          | 1.13          |

38.3 Capital adequacy ratio of the Bank as on 31 March 2015 was 16.91% (16.61%) as against a minimum of 9% as stipulated by RBI.

38.4 In accordance with RBI Instructions, assets financed from National Rural Credit – Long Term Operations (NRC LTO) Fund are excluded for the purpose of computing the CRAR.

#### 38.5 Subordinated Debt

(₹ in crores)

| Particulars   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Amount of subordinated debt raised and outstanding as Tier II Capital | Nil           | Nil           |

#### 38.6 Risk weighted assets

(₹ in crores)

| Particulars               | 31 March 2015 | 31 March 2014 |
|---------------------------|---------------|---------------|
| On – Balance Sheet Items  | 148101.43     | 134053.11     |
| Off – Balance Sheet Items | 83.62         | 86.98         |

38.7 **Credit exposure as percentage to Capital Funds and as percentage to Total Assets**

|     | Category                                  | 2014-15                 |              | 2013-14                 |              |
|-----|---|-------------------------|--------------|-------------------------|--------------|
|     |   | Credit Exposure as % to |              | Credit Exposure as % to |              |
|     |   | Capital Funds           | Total Assets | Capital Funds           | Total Assets |
| I   | Largest Single Borrower                   | 34.83                   | 2.86         | 38.12                   | 3.11         |
| II  | Largest Borrower Group                    | Not Applicable          |              | Not Applicable          |              |
| III | Ten Largest Single Borrowers for the year | 282.60                  | 23.19        | 306.36                  | 24.98        |
| IV  | Ten Largest Borrower Groups               | Not Applicable          |              | Not Applicable          |              |

38.8 **Credit exposure to the five largest industrial sectors as percentage to total loan assets:**  
Not Applicable

39 As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act 2006.

40 **Asset Quality and Credit Concentration**

(a) Asset classification

(₹in crores)

| Classification | 2014-15          |                | 2013-14          |                |
|----------------|------------------|----------------|------------------|----------------|
|                | Amount           | (%)            | Amount           | (%)            |
| Standard       | 252589.73        | 99.950         | 221360.03        | 99.956         |
| Sub-standard   | 22.40            | 0.009          | 6.23             | 0.003          |
| Doubtful       | 95.67            | 0.038          | 88.55            | 0.040          |
| Loss           | 7.92             | 0.003          | 1.02             | 0.001          |
| <b>Total</b>   | <b>252715.72</b> | <b>100.000</b> | <b>221455.83</b> | <b>100.000</b> |

b) Restructured accounts

During the current financial year, five loan accounts have been restructured. An amount of ₹21.96 crores (₹11.31 crores) is recognized as reversal of sacrifice on accounts restructured in earlier period

c) Details on Restructuring

| (Amount in Rs. Crores) |   |                    |                     |    |       |  |        |     |    |       |        |        |      |    |       |       |        |       |    |       |       |       |
|------------------------|---|--------------------|---------------------|----|-------|--|--------|-----|----|-------|--------|--------|------|----|-------|-------|--------|-------|----|-------|-------|-------|
| S<br>r<br>.<br>N<br>o  | Type of restructuring                     |                    | Under CDR Mechanism |    |       | Under SME Debt Restructuring Mechanism |        |     |    |       | Others |        |      |    |       | Total |        |       |    |       |       |       |
|                        | Asset Classification                      |                    | Std                 | SS | Df ul | Los s                                  | Tot al | Std | SS | Df ul | Los s  | Toa tl | Std  | SS | Df ul | Los s | Toa tl | Std   | SS | Df ul | Los s | Toatl |
|                        | Details                                   |                    |                     |    |       |  |        |     |    |       |        |        |      |    |       |       |        |       |    |       |       |       |
| 1                      | Restructured Accounts as on 01 April 2014 | No. of Borrowers   | 1                   | 0  | 0     | 0                                      | 1      |     |    |       |        |        |      |    |       |       | 1      | 0     | 0  | 0     | 1     |       |
|                        |   | Amount outstanding | 51.68               | 0  | 0     | 0                                      | 51.68  |     |    |       |        |        |      |    |       |       |        | 51.68 | 0  | 0     | 0     | 51.68 |
|                        |   | Provision thereof  | 1.81                | 0  | 0     | 0                                      | 1.81   |     |    |       |        |        |      |    |       |       |        | 1.81  | 0  | 0     | 0     | 1.81  |
| 2                      | Fresh restructures during the year        | No. of Borrowers   |                     |    |       |  |        |     |    |       |        | 5      | 0    | 0  | 0     | 5     | 5      | 0     | 0  | 0     | 5     |       |
|                        |   | Amount outstanding |                     |    |       |  |        |     |    |       |        |        | 2.10 | 0  | 0     | 0     | 2.10   | 2.10  | 0  | 0     | 0     | 2.10  |
|                        |   | Provi              |                     |    |       |  |        |     |    |       |        |        | 0.0  | 0  | 0     | 0     | 0.0    | 0.0   | 0  | 0     | 0     | 0.09  |





|   |  |                    |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|   | at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY |                    |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5 | Downgradation of restructured accounts during the FY   | No. of Borrowers   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  | Amount outstanding |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  | Provision thereof  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |   |                    |   |   |   |   |   |  |  |  |  |  |  |  |  |      |   |   |   |      |  |  |
|--|---|--------------------|---|---|---|---|---|--|--|--|--|--|--|--|--|------|---|---|---|------|--|--|
| 6  | Write offs of Restructured accounts during the FY | No. of Borrowers   |   |   |   |   |   |  |  |  |  |  |  |  |  |      |   |   |   |      |  |  |
|  |   | Amount outstanding |   |   |   |   |   |  |  |  |  |  |  |  |  |      |   |   |   |      |  |  |
|  |   | Provision thereof  |   |   |   |   |   |  |  |  |  |  |  |  |  |      |   |   |   |      |  |  |
| 7  | Restructured accounts as on 31 March 2015*        | No. of Borrowers   | 0 | 0 | 0 | 0 | 0 |  |  |  |  |  |  |  |  | 5    | 0 | 0 | 0 | 5    |  |  |
|  |   | Amount outstanding | 0 | 0 | 0 | 0 | 0 |  |  |  |  |  |  |  |  | 2.10 | 0 | 0 | 0 | 2.10 |  |  |
|  |   | Provision thereof  | 0 | 0 | 0 | 0 | 0 |  |  |  |  |  |  |  |  | 0.09 | 0 | 0 | 0 | 0.09 |  |  |
| *excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight if applicable |   |                    |   |   |   |   |   |  |  |  |  |  |  |  |  |      |   |   |   |      |  |  |

41. **Corporate Debt Restructuring (CDR)**

No account has been subjected to CDR during the year.

42. **NPA Position**

(a) **Net NPA position**

| Particulars                                    | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| Percentage of Net NPAs to Net Loans & Advances | 0.0092        | 0.0089        |

(b) **Movement in Net NPAs**

(₹ in crores)

| Particulars                                  | 2014-15      | 2013-14      |
|--|--------------|--------------|
| (A) Net NPAs as at beginning of the year     | 19.73        | 23.84        |
| (B) Add: Additions during the year           | 16.25        | 7.11         |
| <b>(C) Sub-total (A+B)</b>                   | <b>35.98</b> | <b>30.95</b> |
| (D) Less: Reductions during the year         | 12.65        | 11.22        |
| (E) Net NPAs as at the end of the year (C-D) | 23.33        | 19.73        |

43. **Movement in the provisions**

(a) Provisions made during the year

(₹ in crores)

| Provisions against    | 2014-15        | 2013-14        |
|-----------------------|----------------|----------------|
| Standard Assets       | 124.20         | 88.07          |
| Non-Performing Assets | 26.55          | -12.63         |
| Investments (Net)     | 15.41          | 63.83          |
| Income Tax            | 992.00         | 873.02         |
| <b>Total</b>          | <b>1158.16</b> | <b>1012.29</b> |

(b) Floating provisions

(₹ in crores)

| Particulars   | 2014-15 | 2013-14 |
|---|---------|---------|
| Opening balance in the account (Counter cyclical Provisioning Buffer) | 25.51   | 25.51   |
| Addition during the year  |         | 0.00    |
| Drawdown during the year  | (11.07) | 0.00    |
| Closing balance at the close of financial year                        | 14.44   | 25.51   |

(c) Provision for Non-Performing Assets (Loan Assets)

(₹ in crores)

| Particulars  | 2014-15 | 2013-14 |
|--|---------|---------|
| Opening balance as at the beginning of financial year  | 76.07   | 87.52   |
| Add: Provision made during the year                    | 26.59   | 12.80   |
| Less: Write off, write back of excess provision (1a/c) | 0.00    | 24.25   |
| Closing balance at the close of financial year         | 102.66  | 76.07   |

## (d) Provision for depreciation in investments

(₹ in crores)

|          |             | Particulars  | 2014-15 | 2013-14 |
|----------|-------------|--|---------|---------|
| <b>A</b> |             | Opening balance as at the beginning of the financial year                          | 64.52   | 0.59    |
| <b>B</b> | <b>Add</b>  |  |         |         |
|          | (i)         | Provisions made during the year  | 16.00   | 74.16   |
|          | (ii)        | Appropriation, if any, from Investment Fluctuation Reserve Account during the year | 0.00    | 0.00    |
| <b>C</b> |             | Sub Total [A+B (i)+B (ii)]   | 80.52   | 74.75   |
| <b>D</b> | <b>Less</b> |  |         |         |
|          | (i)         | Write off / Write back of excess provision   | 64.52   | 10.23   |
|          | (ii)        | Transfer, if any, to Investment Fluctuation Reserve Account                        | 0.00    | 0.00    |
|          |             | Sub Total [D]  | 64.52   | 10.23   |
| <b>E</b> |             | Closing balance as at the close of financial year (C-D)                            | 16.00   | 64.52   |

## e) Withdrawal from Floating provisions

Pursuant to Reserve Bank of India Circular No..DBR.No.BP.BC.79/21-04.048/2014-15 dated 30 March 2015, the bank has withdrawn an amount of ₹11.07 crores from the Countercyclical Provisioning Buffer towards specific provision for Non-performing assets.

44. **Provisioning Coverage Ratio**

The provision coverage ratio of the Bank stood at 93.15% (106.27%).

45. **Liquidity**

Maturity pattern of Rupee Assets and Liabilities and Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crores)

| Sr. No | Item                           | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 years upto 5 years | More than 5 years upto 7 years | More than 7 years      | Total #                  |
|--------|--------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|------------------------|--------------------------|
| 1      | <b>Rupee Assets</b>            | 160764.60<br>(140904.50)     | 57672.85<br>(53679.04)        | 40682.83<br>(35933.08)         | 19025.71<br>(16593.90)         | 6630.64<br>(6508.49)   | 284776.63<br>(253619.01) |
| 2      | <b>Foreign currency assets</b> | 0.00<br>(0.00)               | 0.00<br>(0.00)                | 0.00<br>(0.00)                 | 0.00<br>(0.00)                 | 0.00<br>(0.00)         | 0.00<br>(0.00)           |
|        | <b>Total Assets</b>            | 160764.60<br>(140904.50)     | 57672.85<br>(53679.04)        | 40682.83<br>(35933.08)         | 19025.71<br>(16593.90)         | 6630.64<br>(6508.49)   | 284776.63<br>(253619.01) |
| 3      | <b>Rupee Liabilities</b>       | 131546.95<br>(93292.27)      | 47266.31<br>(74731.88)        | 40558.06<br>(32458.29)         | 23352.76<br>(13932.30)         | 41325.77<br>(38489.26) | 284049.85<br>(252904.00) |

|          |                                     |                         |                        |                        |                        |                        |                          |
|----------|-------------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|
| <b>4</b> | <b>Foreign currency liabilities</b> | 46.59<br>(46.58)        | 78.22<br>(93.18)       | 168.33<br>(64.31)      | 74.24<br>(159.45)      | 359.40<br>(351.49)     | 726.78<br>(715.01)       |
|          | <b>Total Liabilities</b>            | 131593.54<br>(93338.85) | 47344.53<br>(74825.06) | 40726.39<br>(32522.60) | 23427.00<br>(14091.75) | 41685.17<br>(38840.75) | 284776.63<br>(253619.01) |

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹1032.06 (₹955.15 crores)

#### 46. Operating results

|     | <b>Particulars</b>   | <b>2014-15</b> | <b>2013-14</b> |
|-----|--|----------------|----------------|
| (a) | Interest income as a percentage to average working funds     | 6.80           | 6.75           |
| (b) | Non interest income as a percentage to average working funds | 0.12           | 0.08           |
| (c) | Operating profit as a percentage to average working funds    | 1.37           | 1.27           |
| (d) | Return on average Assets (%)                                 | 0.93           | 0.82           |
| (e) | Net Profit per Employee (₹. in crores)                       | 0.59           | 0.44           |

#### 47. Other Disclosures

47.1 **Assets sold to Securitisation Company / Reconstruction Company:** NIL (NIL)

47.2 **Forward Rate Agreements and Interest Rate Swaps** : NIL (NIL)

47.3 **Interest Rate Derivatives** : NIL (NIL)

47.4 **Credit Default Swaps** : NIL (NIL)

47.5 **Investments in Non Government Debt Securities** : NIL (NIL)

47.6 **Disclosure on Repo transactions** : NIL (NIL)

#### 48. Concentration of Deposits, Advances, Exposure and NPAs

(a) Concentration of Deposits

(₹ in crores)

|   | <b>2014-15</b> | <b>2013-14</b> |
|---|----------------|----------------|
| Total Deposits of twenty largest depositors                                       | 160161.73      | 141947.18      |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 85.90%         | 85.88%         |

(b) Concentration of Advances

(₹ in crores)

|  | <b>2014-15</b> | <b>2013-14</b> |
|--|----------------|----------------|
| Total Advances to twenty largest borrowers | 114561.46      | 105581.21      |

|  |        |        |
|--|--------|--------|
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 45.38% | 47.73% |
|--|--------|--------|

(c) Concentration of Exposure

(₹ in crores)

|   | 2014-15   | 2013-14   |
|---|-----------|-----------|
| Total Exposure to twenty largest borrowers/customers  | 115514.54 | 106562.78 |
| Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 43.19%    | 44.08%    |

(d) Concentration of NPAs

(₹ in crores)

|   | 2014-15 | 2013-14 |
|---|---------|---------|
| Total Exposure to Top four NPA accounts | 58.42   | 52.14   |

49. Sector-wise NPAs

| S.No | Sector                                     | Percentage of NPAs to Total Advances in that sector |         |
|------|--|---|---------|
|      |  | 2014-15   | 2013-14 |
| 1    | Agriculture and allied activities          | 6.57  | 1.40    |
| 2    | Industry (Micro & Small, Medium and Large) | 96.75   | 79.82   |
| 3    | Services                                   | 0.00  | 0.00    |
| 4    | Personal Loans-Staff Loans                 | 0.16  | 0.12    |

50. Movement of Gross NPAs

(₹ in Crores)

| Particulars   | 2014-15 | 2013-14 |
|---|---------|---------|
| Gross NPAs as on 1 <sup>st</sup> April of particular year (Opening Balance)       | 95.80   | 111.37  |
| Additions (Fresh NPAs) during the year  | 31.12   | 9.55    |
| Sub-total (A)   | 126.92  | 120.92  |
| Less:-  |         |         |
| (i) Upgradations  | 0.35    | 0.87    |
| (ii) Recoveries (excluding recoveries made from upgraded accounts)                | 0.58    | 6.79    |
| (iii) Write-offs  | 0.00    | 17.46   |
| Sub-total (B)   | 0.93    | 25.12   |
| Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B) | 125.99  | 95.80   |

51. Overseas Assets, NPAs and Revenue: NIL (NIL)

52. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms): NIL (NIL)

### 53. Disclosure of Complaints

|    | Particulars  | Nos. |
|----|--|------|
| a) | No. of Complaints pending at the beginning of the year | 0    |
| b) | No. of complaints received during the year             | 72   |
| c) | No. of complaints redressed during the year            | 61   |
| d) | No. of complaints pending at the end of the year       | 11   |

54. Awards passed by the Banking Ombudsman: : NIL (NIL)

55. Letters of comfort issued by Banks : NIL (NIL)

### 56. Bankassurance Business

Bank has not undertaken the business of Bankassurance during the year.

### 57. Information on Business Segment

#### (a) Brief Background

The Bank has recognized Primary segments as under:

- i) **Direct Finance:** Includes Loans given to state governments and other agencies for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organizations for developmental activities and other direct loans to Co-operative Banks etc.
- ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

#### (b) Information on Primary Business Segment

(₹ in crores)

|   | Direct Finance         | Refinance                | Treasury               | Unallocated            | Total                                  |
|---|------------------------|--------------------------|------------------------|------------------------|--|
| <b>Segment Revenue</b>                                | 6186.38<br>(5528.36)   | 9253.43<br>(7711.89)     | 2219.21<br>(2159.68)   | 146.68<br>(42.40)      | <b>17805.70</b><br><b>(15442.33)</b>   |
| <b>Segment Results</b>                                | 609.55<br>(505.21)     | 1898.80<br>(1412.26)     | 2080.64<br>(2087.83)   | -1167.53<br>(-1217.30) | <b>3421.46</b><br><b>(2788.00)</b>     |
| <b>Total carrying amount of Segment Assets</b>        | 95320.82<br>(86417.98) | 160754.36<br>(137781.03) | 26438.69<br>(29194.80) | 3294.82<br>(1180.35)   | <b>285808.69</b><br><b>(254574.16)</b> |
| <b>Total carrying amount of Segment Liabilities</b>   | 92951.87<br>(87425.90) | 152408.75<br>(139725.41) | 10415.80<br>(1106.65)  | 30032.27<br>(26316.20) | <b>285808.69</b><br><b>(254574.16)</b> |
| <b>Other Items:</b>                                   |                        |                          |                        |                        |  |
| <b>Cost to acquire Segment Assets during the year</b> | 0.00<br>(0.00)         | 0.00<br>(0.00)           | 0.00<br>(0.00)         | 54.27<br>(50.16)       | <b>54.27</b><br><b>(50.16)</b>         |
| <b>Amortization &amp;</b>                             | 0.00                   | 0.00                     | 1.24 (1.79)            | 48.91                  | <b>50.15</b>                           |



|                          |         |         |         |          |                 |
|--------------------------|---------|---------|---------|----------|-----------------|
| <b>Depreciation</b>      | (0.00)  | (0.00)  |         | (24.67)  | <b>(26.46)</b>  |
|                          | 48.08   | 54.05   | 15.43   | 231.02   | <b>348.58</b>   |
| <b>Non Cash Expenses</b> | (40.50) | (40.96) | ( 0.02) | (251.64) | <b>(333.12)</b> |

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

58. Figures in brackets pertain to previous year.

59. Previous year's figures have been regrouped / rearranged wherever necessary.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2014**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation:**

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank) and are consistent with those used in the previous year.

**2. Use of Estimates:**

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

**3. Revenue recognition:**

3.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

- i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
- ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
- iii) Service Charges on loans given out of various Funds.
- iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

3.2 Discount on Bonds and Commercial Papers issued are amortized over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognized as expenditure in the year of issue of Bonds.

3.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

3.4 Expenditure incurred on Subsidy scheme includes approved claims of reimbursements pending disbursements.

3.5 Income from Venture Capital funds is accounted on realization basis.

3.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1957.

3.7 Recovery in non-performing assets (NPA) is appropriated in the following order:

- i) penal interest
- ii) cost & charges
- iii) overdue interest and interest
- iv) principal

#### 4. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- b) Land includes free hold and leasehold land.
- c) Premises include value of land, where segregated values are not readily available.
- d) Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.
- e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortizing the premium/cost over the remaining period of leasehold land, on straight-line basis, whichever is higher.
- f) Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit and Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalized, if individual cost of the items is more than ₹10,000/-. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account.
- g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

| Type of Assets         | Depreciation Rate |
|------------------------|-------------------|
| Furniture and Fixtures | 20%               |
| Computer & Software    | 33.33%            |
| Office Equipment       | 20%               |
| Vehicles               | 20%               |

- h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.
- i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

#### 5. Investments

- a) In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).
- b) Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.
- c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the

premium is amortized over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category "HTM" is made, wherever necessary. Provision for diminution/amortization, in value of such investments, is included under Current Liabilities and Provisions.

- d) Profit on redemption of investment categorized under "HTM" is recognized in Profit & Loss A/c and then transferred to Reserve A/c.
- e) Investments under "AFS" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as "AFS" and appreciation is ignored.
- f) Investments under "HFT" are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation/appreciation is recognized in the category for investments classified as "HFT".
- g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- h) Treasury Bills are valued at carrying cost.
- i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹1/- per Company as per RBI guideline.
- j) Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.
- k) Brokerage, paid on acquisition/disposal of equities traded on stock exchange is capitalized.
- l) Broken period interest paid/received on debt investment is treated as interest expenses/income and is excluded for cost/ sale consideration.
- m) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.
- n) Amortization/Gain/Loss on Revaluation of Government Securities are charged to Profit and Loss Account.

#### **6. Advances and Provisions thereon**

- a) Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.
- c) Advances are stated net of provisions towards Non-performing Advances.
- d) No Provision for Non-Performing Loans in respect of loans granted out of the funds are being made, as losses, if any are recoverable from the respective funds. Accordingly, such loans are classified as performing assets.

#### **7. Foreign Currency Transactions**

- a) As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:
  - a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head 'Gain/Loss on revaluation of foreign Deposits & Borrowings' and

- b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## **8. Accounting for Foreign Exchange Contracts**

- a) Foreign Exchange Contracts are to hedge the repayment of Foreign currency borrowings.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium/discount are accounted over the life of the contract.
- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

## **9. Employee Benefits**

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. Actuarial valuation, wherever required, are carried out at each balance sheet date.

### **a) Short Term Employee Benefits:**

The undiscounted amount of short-term employee benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

### **b) Post-Employment Benefits:**

#### **i) Defined Contribution Plan**

The Bank has a Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

#### **ii) Defined Benefit Plan**

- a. Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.
- b. Provision for pension is made based on actuarial valuation, in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

#### **iii) Other Long Term benefits**

All eligible employees of the Bank are eligible for compensated absences. All the eligible employees are also eligible for post-retirement medical benefits. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss Account on accrual basis.

## **10. Taxes on Income**

- a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

## **11. Segment Reporting**

- a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other Unallocable Bank income".
- c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

## **12. Impairment of Assets**

- a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
  - i) the provision for impairment loss, if any, required; or
  - ii) the reversal, if any, required for impairment loss recognized in the previous periods.
- c) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

## **13. Provisions, Contingent Liabilities and Contingent Assets**

13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

- a) the Bank has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

13.2 Contingent liability is disclosed in the case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- b) a present obligation when no reliable estimate is possible, and
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

13.3 Contingent assets are neither recognized, nor disclosed.

- 13.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

**14. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

**SIGNIFICANT NOTES TO THE ACCOUNTS**

- In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF). During the year ₹1.62 crores (₹0.67 crores) has been credited to the said fund.
- In terms of the agreement with Kreditanstalt Fur Wiederaufbau -German Development Bank (KfW), accretion/income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8. In terms of the same agreement an amount of ₹1.18 crores has been withdrawn from Risk Mitigation Fund - UPNRM towards provision for NPA Loans under KfW UPNRM Loans.
- Interest on unutilized balances has been credited to the following funds as per the respective agreements/as approved by the management. The details of rate of interest for respective funds are as under:

| Sr. No. | Name of the Fund   | Rate of Interest for 2013-14 | Rate of Interest for 2012-13 |
|---------|--|------------------------------|------------------------------|
| 1.      | Watershed Development Fund   | 6%                           | 6%                           |
| 2.      | KfW- NB IGWDP (Andhra Pradesh, Maharashtra)                                | 6%                           | 6%                           |
| 3.      | KfW Accompanying Measures  | 6%                           | 6%                           |
| 4.      | Rural Innovation Fund  | 6%                           | 6%                           |
| 5.      | Tribal Development Fund  | 6%                           | 6%                           |
| 6.      | Financial Inclusion Fund   | 6%                           | 6%                           |
| 7.      | Cattle Development Fund (UP & Bihar)                                       | 5.85%                        | 9.01%                        |
| 8.      | Multi Activity Approach For Poverty Alleviation (Sultanpur and Rae Bareli) | 5.85%                        | 9.01%                        |
| 9.      | Center for Professional Excellence in Co-operatives.                       | 5.85%                        | 9.01%                        |
| 10.     | KfW Nb IX- Adivasi Development Programme- Maharashtra                      | 5.85%                        | 9.01%                        |

- Recoverable from Government of India/International Agencies (Refer Schedule-14 of Balance Sheet) includes ₹24.63 crores (₹7.43 crores) being debit balance of various funds. The details of such funds are as under:

(₹ in crores)

| Sr. No. | Name of the Fund               | 31-03-2014 | 31-03-2013 |
|---------|--------------------------------|------------|------------|
| 1       | KfW- NB IGWDP (Andhra Pradesh) | 0.41       | 2.69       |

|   |  |      |      |
|---|--|------|------|
| 2 | KfW- NB IGWDP (Rajasthan)                    | 3.88 | 2.82 |
| 3 | KfW- NB IGWDP (Gujarat)                      | 4.44 | 1.90 |
| 4 | IFAD- Priyadarshini                          | 0.83 | ---  |
| 5 | NE Council Fund                              | ---  | 0.02 |
| 6 | KfW UPNRM- Accompanying Measures             | 1.15 | ---  |
| 7 | KfW UPNRM- Financial Contribution            | 0.10 | ---  |
| 8 | Implementation Cost [RRR - Handloom Package] | 8.55 | ---  |
| 9 | Interest Subvention [RRR - Handloom Package] | 5.27 | ---  |

5. Pursuant to directions of the RBI to discontinue the Micro Finance Development and Equity Fund (MFDEF), an amount of ₹29.54 crores, being the excess contribution made by Bank is transferred to the Reserve Fund. The balance amount of ₹44.74 crores of the fund disclosed under the head Sundry Creditors under Schedule 9 included ₹32.40 crores being loans granted out of the funds and ₹12.34 crores repayable to other contributors.
6. Pursuant to the permission of RBI an amount of ₹64.87 crores has been transferred from Financial Inclusion Fund (FIF) to Financial Inclusion Technology Fund (FITF). An amount of ₹49.90 crores, being the excess contribution made by Bank to FITF, in earlier years is transferred to the Reserve Fund.
7. Subvention received/receivable from Government of India (GOI) under Seasonal Agricultural Operations (SAO) amounting to ₹1843.58 crores (₹1966.54crores) and ₹ 0.62 crores (NIL) under National Rural Livelihood Mission(NRLM), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 14.
8. Other income includes ₹134.59 crores (₹112.37 crores) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations and under NRLM scheme.
9. Interest Expenditure includes an amount of ₹149.79 (NIL) crores paid to Government of India being the interest on the amount received from RBI for providing temporary liquidity support to Co-operative Banks and Regional Rural Banks against the first installment under Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) 2008.
10. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural Credit Refinance Fund (STCRC) Deposits and Short Term RRB Credit Refinance Fund (STRRB) deposits, placed by the Commercial Banks is credited to Financial Inclusion Fund (credited to Financial Inclusion Fund during previous year).
11. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognised in the Profit and Loss Account, the difference of ₹29.81 crores (₹14.80 crores) between net deferred tax assets of ₹115.75crores and ₹85.95 crores as at 31 March 2014 and 31 March 2013 respectively, as detailed below:



(₹ in crores)

| Sr. No. | Deferred Tax Assets   | 31 March 2014 | 31 March 2013 |
|---------|---|---------------|---------------|
| 1       | Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis | 106.12        | 64.00         |
| 2       | Depreciation on Fixed Assets  | 9.63          | 21.95         |
|         | <b>Total</b>  | <b>115.75</b> | <b>85.95</b>  |

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

12. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2012. Pending such settlement an amount of ₹180.00 crores (₹73.60 crores) has been provided under the head "Salary and Allowances".
13. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crores was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.
14. Income Tax Department has reopened the assessments for the Assessment Year 2005-06 during the Financial Year 2011-12. The Bank has objected to such reopening and filed a writ petition against the IT Department in Bombay High Court. The court has held the petition in favour of Bank by their order pronounced on 16 April 2014.
15. Income Tax Department has reopened the assessment for the Assessment Year 2006-07, during the Financial Year 2011-12. An amount of ₹343.21 crores has been added to the income of the Bank during the re-assessment of the income. Out of above,
  - a) an addition of ₹132.08 crores has been made on account of differential interest accounted under the RIDF which was credited to Watershed Development Fund in terms of the RBI directions.
  - b) Further, an amount of ₹211.13 crores has been added to the income on other accounts. In the opinion of the management, in respect of these additions, there is remote possibility of any tax outflow. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has
    - accounted the tax including interest amounting to ₹97.83 crores under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and
    - paid an amount of ₹108.60 crores out of the total demand of ₹254.22 crores by way of adjustment of refund of taxes of previous years.
16. During the reassessment of the income for the Assessment Year 2007-08 (reopened during Financial Year 2011-12) an additional tax liability of ₹157.47 crores was assessed on account of differential interest accounted under the RIDF/STCRC. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹129.99 crores is accounted under 'Tribal Development Fund' during Financial Year 2012-13.

17. Income Tax Department has reopened the assessment for the Assessment Year 2008-09 during the Financial Year 2012-13. An amount of ₹349.42 crores has been added to the income of the Bank during the re-assessment of the income. The addition has been made on account of differential interest accounted under the RIDF which was credited to Tribal Development Fund in terms of the RBI directions. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has accounted the tax including interest amounting to ₹174.59 crores under the head 'Tribal Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and paid the total demand of ₹174.59 crores.
  
18. Income Tax Department has reopened the assessment for the Assessment Year 2009-10 during the Financial Year 2012-13. An amount of ₹573.16 crores has been added to the income of the Bank during the reassessment of the income. Out of above, an addition of ₹527.52 crores has been made on account of differential interest accounted under the RIDF which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹45.64 crores has been added to the income of the Bank on account of other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has:
  - accounted the tax including interest amounting to ₹236.45 crores under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and
  - provided the tax including interest of ₹ 20.45 crores to the Profit and Loss Account for the year .The Bank has paid the total demand of ₹256.90 crores.
  
19. During the assessment of the income for the Assessment Year 2010-11 a tax liability of ₹313.07 crores was assessed on account of differential interest accounted under the RIDF/STCRC and others. The Bank has provided and paid the liability. However, the Bank has filed an appeal against the above order with CIT- Appeals. The tax amount of ₹276.66 crores was accounted under 'Tribal Development Fund' during Financial Year 2012-13.
  
20. During the year, the Income Tax Department, for the Assessment Year 2011-12, has made an addition of ₹865.86 crores on account of differential interest accounted under the RIDF/STCRC which was credited to 'Watershed Development Fund' in terms of the RBI directions. Further, an amount of ₹156.65 crores has been added to the income of the Bank on account of disallowance of expenditure on promotional activities and other disallowances. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the Bank has:
  - accounted the tax including interest amounting to ₹359.84 crores under the head 'Watershed Development Fund' as an expenditure of the fund, in accordance with the resolution of the Board, and
  - provided the tax including interest on account of disallowance amounting to ₹65.11 crores to the Profit and Loss Account for the year. The tax demand of ₹424.95 crores has been fully paid by the Bank.
  
21. Govt. of India vide Notification No. 25/2014 F No.225/229/2013/ITA.11 has notified NABARD as an eligible entity u/s 36 (1) (xii) of Income Tax Act, w.e.f. Assessment Year 2013-14. The Income Tax liability of the Bank has been computed accordingly.
  
22. 'Free hold land and lease Land' and 'Premises' include -
  - ₹34.77 crores (₹34.77 crores) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed and

- ₹10.93crores (₹10.93crores) where lease agreements are yet to be executed

23. 'Free hold land and lease Land' -Additions/ Adjustments includes ₹0.55 crores refunded by State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL), Dehradun against excess cost charged at the time of acquisition of land.

24. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(₹ in crores)

| Particulars  | Face Value           | Book Value           |
|--|----------------------|----------------------|
| Pledged for Business Segment (Securities)                                      | 40.00<br>(35.00)     | 37.26<br>(34.08)     |
| Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) | 5197.00<br>(2382.00) | 5103.61<br>(2363.05) |

25. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹1877.88 crores against the book value of ₹1337.49 crores. Out of this the market value of investment in Venture Capital Fund was ₹41.59 crores against the book value of ₹55.04 crores. Accordingly, the excess of book value over market value was ₹13.45 crores for which no provision was made as per RBI guideline.

26. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:

- Classified as Investments and shown in Schedule – 11 under the head 'Debenture and Bonds'.
- Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'Deemed Advances'.
- 'Deemed Advances' for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
- The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to Nil (Nil).

27. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹393.51 crores (₹299 crores) pertains to non-starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective/other projects, the amount has been classified as disbursement from the fund.

**28. Disclosure required under AS 15 (Revised) on "Employee Benefits" is as under:**

**28.1 Defined Benefit Plans**

Employees Retirement Benefit plans of the Bank include Pension, Gratuity, Leave Encashment and Post-retirement Medical Benefits, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

### 28.1.1 Pension

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 1847.53 | 1556.87 |
| Current Service Cost   | 32.06   | 33.85   |
| Interest Cost  | 152.42  | 136.23  |
| Actuarial gain/loss  | 112.97  | 196.28  |
| Benefits paid  | -73.65  | -75.70  |
| Present value of defined benefits obligations at the year end        | 2071.33 | 1847.53 |

b. Amount recognised in the Balance Sheet as on 31 March 2014 and previous years from 2009-10 to 2012-13:

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|--|---------|---------|---------|---------|---------|
|  | Pension | Pension | Pension | Pension | Pension |
| Present value of defined benefits obligations as at the year end | 2071.33 | 1847.53 | 1556.87 | 1223.03 | 958.76  |
| Fair value of plan assets as at the year-end <sup>@</sup>        | 2056.07 | 1832.69 | 1311.25 | 288.11  | 268.77  |
| Liability recognized in the Balance sheet as at the year end     | 15.26   | 14.84   | 245.63  | 934.92  | 689.99  |

<sup>@</sup> Includes the Bank's contribution of ₹417.56 crores (₹383.82 crores) towards PF for pension optees available with RBI. The confirmation of the balance is awaited from RBI.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Current Service Cost                                   | 32.06   | 33.85   |
| Interest Cost  | 152.42  | 136.23  |
| Net Actuarial gain/loss                                | 79.16   | 226.86  |
| Expected return on Plan Assets                         | -131.12 | -123.26 |
| Expense recognized in the statement of Profit and Loss | 132.52  | 273.68  |

d. Actuarial assumptions:

| Particulars           | 2013-14               | 2012-13               |
|-----------------------|-----------------------|-----------------------|
| Mortality Table (LIC) | 2006-08<br>(Ultimate) | 1994-96<br>(Ultimate) |

|                           |       |       |
|---------------------------|-------|-------|
| Discount rate (per annum) | 9.00% | 8.25% |
| Salary growth (per annum) | 5.50% | 5.50% |
| Withdrawal rate           | 1.00% | 1.00% |

### 28.1.2 Gratuity

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 260.94  | 239.68  |
| Current Service Cost   | 18.31   | 19.07   |
| Interest Cost  | 21.53   | 20.97   |
| Actuarial gain/ loss   | -4.63   | 4.73    |
| Benefits paid  | -21.53  | -23.51  |
| Present value of defined benefits obligations at the year end        | 274.62  | 260.94  |

b. Amount recognized in Balance Sheet as on 31 March 2014 and Previous Years from 2009-10 to 2012-13

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|--|---------|---------|---------|---------|---------|
| Present value of defined benefits obligations as at the year end | 274.62  | 260.93  | 239.68  | 242.57  | 221.2   |
| Fair value of plan assets as at the year end                     | 288.49  | 261.90  | 260.82  | 227.85  | 220.00  |
| Liability recognized in the Balance Sheet as at the year end     | -13.87  | -0.97   | -21.14  | 14.72   | 1.20    |

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Current Service Cost                                   | 18.31   | 19.07   |
| Interest Cost  | 21.53   | 20.97   |
| Net Actuarial gain/loss                                | 3.15    | 5.97    |
| Expected return on Plan Assets                         | -26.61  | -21.78  |
| Expense recognized in the statement of Profit and Loss | 16.38   | 24.23   |

d. Actuarial assumptions:

| Particulars           | 2013-14               | 2012-13               |
|-----------------------|-----------------------|-----------------------|
| Mortality Table (LIC) | 2006-08<br>(Ultimate) | 1994-96<br>(Ultimate) |

|                           |       |       |
|---------------------------|-------|-------|
| Discount rate (per annum) | 9.00% | 8.25% |
| Salary growth (per annum) | 7.00% | 5.50% |
| Withdrawal rate           | 1.00% | 1.00% |

### 28.1.3 Encashment of Ordinary Leave

a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 197.26  | 153.03  |
| Current Service Cost   | 2.48    | 1.16    |
| Interest Cost  | 16.27   | 13.39   |
| Actuarial gain/loss  | 22.31   | 43.42   |
| Benefits paid  | -12.44  | -13.74  |
| Present value of defined benefits obligations at the year end        | 225.88  | 197.26  |

b. Amount recognized in the Balance Sheet as on 31 March 2014 and Previous Years from 2009-10 to 2012-13.

(₹in crores)

| Particulars  | 2013-14  | 2012-13  | 2011-12  | 2010-11  | 2009-10 |
|--|----------|----------|----------|----------|---------|
| Present value of defined benefits obligations as at the year end | 225.88   | 197.26   | 153.03   | 144.88   | 117.63  |
| Funds earmarked by the Bank                                      | 219.28\$ | 184.06\$ | 137.14\$ | 143.66\$ | 127.55  |
| Liability recognized in the Balance Sheet as at the year end     | 6.60     | 13.20    | 15.89    | 1.22     | -9.91   |

\$ Represents the amount invested with Insurance companies towards the liability for Leave Encashment.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Current Service Cost                                   | 2.48    | 1.16    |
| Interest Cost  | 16.27   | 13.39   |
| Net Actuarial gain/loss                                | 10.04   | -1.84   |
| Expected return on Plan Assets                         | -16.69  | -13.29  |
| Expense recognized in the statement of Profit and Loss | 12.10   | -0.58   |

d. Actuarial assumptions:

| Particulars               | 2013-14            | 2012-13            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 2006-08 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 9.00%              | 8.25%              |
| Salary growth (per annum) | 7.00%              | 5.50%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

#### 28.1.4 Post Retirement Medical Benefits

The present value of defined benefit obligation in respect of post-retirement medical benefits accounted in Profit and Loss Account is ₹86.35 crores(NIL).

#### 28.1.5 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31st March 2014

| Particulars              | Pension          | Gratuity         | Encashment of OL |
|--------------------------|------------------|------------------|------------------|
|                          | % of Plan Assets | % of Plan Assets | % of Plan Assets |
| Central Govt. Securities | 34.50            | ---              | ---              |
| State Govt. Securities   | 16.94            | ---              | ---              |
| Insurer Managed Funds    | ---              | 100.00           | 100.00           |
| Others                   | 48.56            | ---              | ---              |
| Total                    | 100.00           | 100.00           | 100.00           |

**28.2** The estimates of rate of escalation in salary considered in actuarial valuation, take into account NABARD related factors, inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

**28.3** The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

#### **28.4** Defined Contribution Plan:

The bank contributes its share to Provident Fund with RBI. As per the terms the contribution is a defined contribution plan. During the year the bank has contributed ₹16.65 crores with RBI.

As per the New Pension Scheme for the employees w.e.f.01 January 2012, the contribution by the Bank is a defined contribution. During the year the Bank has contributed ₹.0.07 crores to the said scheme.

**29.** In the opinion of the management, there is no impairment to assets to which AS 28 – “Impairment of Assets” applies requiring any provision.

30. The movement in Contingent Liability as required in AS 29 “Provisions, Contingent Liabilities and Contingent Assets” is as under:

(₹ in crores)

| Particulars              | 2013-14 | 2012-13 |
|--------------------------|---------|---------|
| Opening Balance          | 0.24    | 0.24    |
| Addition during the year | 0.00    | 0.00    |
| Deletion during the year | 0.24    | 0.00    |
| Closing Balance          | 0.00    | 0.24    |

31. Prior period items included in the Profit and Loss account are as follows:

(₹ in crores)

| Sr. No. | Particulars                      | 2013-14      | 2012-13     |
|---------|----------------------------------|--------------|-------------|
| 1.      | Income                           | 0.23         | --          |
| 2.      | Revenue Expenditure              | -0.23        | 9.93        |
| 3.      | Post-Retirement Medical Benefits | 93.18        | --          |
| 4.      | Fund Expenditure                 | -0.21        | -5.82       |
|         | <b>Total</b>                     | <b>92.97</b> | <b>4.11</b> |

32. Capital Adequacy Ratio of the Bank as on 31 March 2014 was 16.61% (18.24%) as against a minimum of 9% as stipulated by RBI.

33. As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act, 2006.

#### 34. Other Disclosures

##### 34.1 Capital

###### (a) Capital to Risk-Weighted Assets Ratio (CRAR)

(Percent)

| Particulars        | 31 March 2014 | 31 March 2013 |
|--------------------|---------------|---------------|
| CRAR               | 16.61         | 18.24         |
| Core CRAR          | 15.48         | 17.33         |
| Supplementary CRAR | 1.13          | 0.91          |

###### (b) Subordinated Debt

(₹ in crores)

| Particulars   | 31 March 2014 | 31 March 2013 |
|---|---------------|---------------|
| Amount of subordinated debt raised and outstanding as Tier II Capital | Nil           | Nil           |

###### (c) Risk Weighted Assets

(₹ in crores)

| Particulars               | 31 March 2014 | 31 March 2013 |
|---------------------------|---------------|---------------|
| On – Balance Sheet Items  | 134053.11     | 107344.04     |
| Off – Balance Sheet Items | 86.98         | 43.88         |

##### 34.2 Pattern of Capital contribution as on the date of the Balance Sheet:

The Bank has received an amount of ₹700 crores from Government of India (vide letter no. F.No.20/16/2010-AC dated 19 September 2013) towards Share Capital. Consequent to this



the shareholding of Government of India and RBI in the Paid up capital of the Bank as on 31 March 2014 was at 99.57 : 0.43 as per details given below.

(₹ in crores)

| Contributor           | 31 March 2014   |                | 31 March 2013  |                |
|-----------------------|-----------------|----------------|----------------|----------------|
|                       | Amount          | Percentage     | Amount         | Percentage     |
| Reserve Bank of India | 20.00           | 0.43%          | 20.00          | 0.50%          |
| Government of India   | 4,680.00        | 99.57%         | 3,980.00       | 99.50%         |
| <b>Total</b>          | <b>4,700.00</b> | <b>100.00%</b> | <b>4000.00</b> | <b>100.00%</b> |

### 34.3 Asset Quality and Credit Concentration

#### (a) Net NPA position

| Particulars                                    | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| Percentage of Net NPAs to Net Loans & Advances | 0.00891       | 0.01220       |

#### (b) Asset classification

(₹ in crores)

| Classification | 2013-14          |                | 2012-13          |                |
|----------------|------------------|----------------|------------------|----------------|
|                | Amount           | (%)            | Amount           | (%)            |
| Standard       | 221358.91        | 99.956         | 195440.89        | 99.943         |
| Sub-standard   | 6.23             | 0.003          | 1.02             | 0.001          |
| Doubtful       | 88.55            | 0.040          | 109.32           | 0.055          |
| Loss           | 1.02             | 0.001          | 1.02             | 0.001          |
| <b>Total</b>   | <b>221454.71</b> | <b>100.000</b> | <b>195552.25</b> | <b>100.000</b> |

#### (c) Provisions made during the year

(₹ in crores)

| Provisions against    | 2013-14        | 2012-13       |
|-----------------------|----------------|---------------|
| Standard Assets       | 88.07          | 125.66        |
| Non Performing Assets | -12.63         | 33.26         |
| Investments (Net)     | 63.83          | -33.22        |
| Income Tax            | 873.02         | 843.90        |
| <b>Total</b>          | <b>1012.29</b> | <b>969.60</b> |

#### (d) Movement in Net NPAs

(₹ in crores)

| Particulars                                  | 2013-14      | 2012-13      |
|--|--------------|--------------|
| (A) Net NPAs as at beginning of the year     | 23.84        | 37.15        |
| (B) Add: Additions during the year           | 7.11         | 7.58         |
| <b>(C) Sub-total (A+B)</b>                   | <b>30.95</b> | <b>44.73</b> |
| (D) Less: Reductions during the year         | 11.22        | 20.89        |
| (E) Net NPAs as at the end of the year (C-D) | 19.73        | 23.84        |

#### (e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

|     | Category                                  | 2013-14                 |              | 2012-13                 |              |
|-----|---|-------------------------|--------------|-------------------------|--------------|
|     |   | Credit Exposure as % to |              | Credit Exposure as % to |              |
|     |   | Capital Funds           | Total Assets | Capital Funds           | Total Assets |
| I   | Largest Single Borrower                   | 38.12                   | 3.11         | 58.66                   | 5.39         |
| II  | Largest Borrower Group                    | Not Applicable          |              | Not Applicable          |              |
| III | Ten Largest Single Borrowers for the year | 306.36                  | 24.98        | 301.76                  | 27.74        |
| IV  | Ten Largest Borrower Groups               | Not Applicable          |              | Not Applicable          |              |

**(f) Credit exposure to the five largest industrial sectors as percentage to total loan assets:**

Not Applicable

**34.4 Liquidity**

Maturity pattern of Rupee Assets and Liabilities and Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crores)

| Sr. No | Item                         | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 years upto 5 years | More than 5 years upto 7 years | More than 7 years      | Total #                  |
|--------|------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|------------------------|--------------------------|
| 1      | Rupee Assets                 | 140904.50<br>(106789.15)     | 53679.04<br>(51910.68)        | 35933.08<br>(32934.32)         | 16593.90<br>(15288.74)         | 6508.49<br>(5446.19)   | 253619.01<br>(212369.08) |
| 2      | Foreign currency assets      | 0.00<br>(0.00)               | 0.00<br>(0.00)                | 0.00<br>(0.00)                 | 0.00<br>(0.00)                 | 0.00<br>(0.00)         | 0.00<br>(0.00)           |
|        | <b>Total Assets</b>          | 140904.50<br>(106789.15)     | 53679.04<br>(51910.68)        | 35933.08<br>(32934.32)         | 16593.90<br>(15288.74)         | 6508.49<br>(5446.19)   | 253619.01<br>(212369.08) |
| 3      | Rupee Liabilities            | 93292.27<br>(50534.11)       | 74731.88<br>(69136.60)        | 32458.29<br>(34100.45)         | 13932.30<br>(14415.15)         | 38489.26<br>(3719.88)  | 252904.00<br>(211906.19) |
| 4      | Foreign currency liabilities | 46.58<br>(39.88)             | 93.18<br>(79.77)              | 64.31<br>(64.81)               | 159.45<br>(113.79)             | 351.49<br>(164.64)     | 715.01<br>(462.89)       |
|        | <b>Total Liabilities</b>     | 93338.85<br>(50573.99)       | 74825.06<br>(69216.37)        | 32522.60<br>(34165.26)         | 14091.75<br>(4528.94)          | 38840.75<br>(43884.52) | 253619.01<br>(212369.08) |

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹955.15 (₹801.35 crores)

**34.5 Operating results**

|     | Particulars  | 2013-14 | 2012-13 |
|-----|--|---------|---------|
| (a) | Interest income as a percentage to average working funds     | 6.75    | 6.58    |
| (b) | Non interest income as a percentage to average working funds | 0.08    | 0.09    |
| (c) | Operating profit as a percentage to average working funds    | 1.27    | 1.45    |
| (d) | Return on average Assets (%)                                 | 0.82    | 0.94    |
| (e) | Net Profit per employee (₹ in crores)                        | 0.44    | 0.41    |

### 34.6 Movement in the provisions

#### (a) Provision for Non Performing Assets (Loan Assets)

(₹ in crores)

| Particulars  | 2013-14 | 2012-13 |
|--|---------|---------|
| Opening balance as at the beginning of financial year  | 87.52   | 54.26   |
| Add: Provision made during the year                    | 12.80   | 33.26   |
| Less: Write off, write back of excess provision (1a/c) | 24.25   | 0.00    |
| Closing balance at the close of financial year         | 76.07   | 87.52   |

#### (b) Provision for depreciation in investments

(₹ in crores)

|          | Particulars   | 2013-14      | 2012-13      |
|----------|---|--------------|--------------|
| <b>A</b> | <b>Opening balance as at the beginning of the financial year</b>                        | <b>0.59</b>  | <b>33.81</b> |
| B        | Add   |              |              |
|          | (i) Provisions made during the year   | 74.16        | 0.00         |
|          | (ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year | 0.00         | 0.00         |
| <b>C</b> | <b>Sub Total [A+B (i)+B (ii)]</b>   | <b>74.75</b> | <b>33.81</b> |
| D        | Less  |              |              |
|          | (i) Write off / Write back of excess provision  | 10.23        | 33.22        |
|          | (ii) Transfer, if any, to Investment Fluctuation Reserve Account                        | 0.00         | 0.00         |
|          | <b>Sub Total [D]</b>  | <b>10.23</b> | <b>33.22</b> |
| <b>E</b> | <b>Closing balance as at the close of financial year (C-D)</b>                          | <b>64.52</b> | <b>0.59</b>  |

### 34.7 Restructured accounts

During the current financial year, no loan account has been restructured. An amount of ₹11.31 crores is recognized as reversal of sacrifice on accounts restructured in earlier periods.

**34.8 Assets sold to securitisation company / reconstruction company : NIL (NIL)**

**34.9 Forward Rate Agreements and Interest Rate Swaps : NIL (NIL)**

**34.10 Interest Rate Derivatives : NIL (NIL)**

**34.11 Investments in Non Government Debt Securities : NIL (NIL)**

### 34.12 Corporate Debt Restructuring (CDR)

No account has been subjected to CDR during the year.

### 34.13 Disclosure on risk exposure in Derivatives

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 94.56million (85.24 million)Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year-end exchange rate stood at ₹780.89 crores (₹592.83 crores) and the value of outstanding principal liability in

the books of account stood at contracted value i.e. ₹715.01crores(₹462.89) crores. The quantitative disclosure in this regard is as under:

(₹in crores)

| Sr. No. | Particulars   | Currency Derivatives | Interest Rate Derivatives |
|---------|---|----------------------|---------------------------|
| 1       | Derivatives (Notional Principal amount)                                   |                      |                           |
|         | A) For Hedging  | 780.89<br>(592.83)   | NA                        |
|         | B) For Trading  | NA                   | NA                        |
| 2       | <b>Marked to Market Positions [1]</b>                                     |                      |                           |
|         | a) Asset (+)  | 65.88<br>(129.94)    | NA                        |
|         | b) Liability (-)  | NA                   | NA                        |
| 3       | <b>Credit Exposure [2]</b>  | -148.97              | NA                        |
| 4       | <b>Likely impact of one percentage change in interest rate (100*PV01)</b> |                      |                           |
|         | a) on hedging derivatives   | 22.13 <sup>@</sup>   | NA                        |
|         | b) on trading derivatives   | NA                   | NA                        |
| 5       | <b>Maximum and Minimum of 100*PV01 observed during the year</b>           |                      |                           |
|         | a) on hedging   | NA                   | NA                        |
|         | b) on trading   | NA                   | NA                        |

@ If MIBOR rates decrease by 100 bps across tenure MTM gain will increase by ₹22.13 crores

**34.14 Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)**

**34.15 Related Party Transactions**

As the Bank is state controlled enterprise within the meaning of AS-18 "Related Party Transactions", the details of the transactions with other state controlled enterprises are not given.

**List of Related Parties:**

**a) Companies where entity has control:**

| Sr. No. | Companies                                  |
|---------|--|
| 1.      | Nabard Financial Services Ltd.             |
| 2.      | Agri Business Finance (AP) Ltd.            |
| 3.      | Agri Development Finance ( TamilNadu) Ltd. |
| 4.      | Nabard Consultancy Services Pvt. Ltd.      |

**b) Key Management Personnel:**

Dr. Prakash Bakshi – Chairman (upto 30 September 2013)

Smt. Snehlata Shrivastava- Chairman (from 01 October 2013 to 17 December 2013)

Dr. Harsh Kumar Bhanwala- Chairman (from 18 December 2013)

(₹ in crores)

| Name of the Party        | Nature of Relationship            | Nature of Transaction              | Amount of transaction during the year | Outstanding |
|--------------------------|-----------------------------------|------------------------------------|---------------------------------------|-------------|
| Dr. Prakash Bakshi       | Key Management Personnel—Chairman | Remuneration including perquisites | 0.10(0.20)                            | 0.00        |
| Dr. Harsh Kumar Bhanwala | Key Management Personnel—Chairman | Remuneration including perquisites | 0.07(0.00)                            | 0.00        |

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

### 34.16 Issuer categories in respect of investments made in Debt Securities

(₹ in crores)

| Sr. No. | Issuer                              | Amount               | Investment made through private placement | 'Below investment grade' Securities held | 'Unrated' Securities held | 'Unlisted' Securities |
|---------|-------------------------------------|----------------------|---|--|---------------------------|-----------------------|
| (1)     | (2)                                 | (3)                  | (4)                                       | (5)                                      | (6)                       | (7)                   |
| 1       | PSUs                                | 101.82<br>(62.12)    | -   | -  | -                         | 39.70<br>(0.00)       |
| 2       | FIs                                 | 352.03<br>(173.02)   | 125.01<br>(125.01)                        | -  | -                         | 17.90<br>(0.00)       |
| 3       | Banks                               | 7395.24<br>(2381.88) | -   | -  | -                         | 7345.14<br>(2381.88)  |
| 4       | Private Corporate                   | 389.60<br>(294.21)   | 110.09<br>(260.09)                        | -  | -                         | 270.38<br>(125.00)    |
| 5       | Subsidiaries/Joint ventures         | 109.87<br>(99.43)    | -   | -  | -                         | -                     |
| 6       | Others (Net of Provision)\$         | 961.03<br>(39.71)    | -   | -  | -                         | -                     |
| 7       | Provision held towards depreciation | 0.70<br>(0.59)       | -   | -  | -                         | -                     |
|         | Total ( 1to 6 minus 7)              | 9308.89<br>(3049.78) | 235.10<br>(385.10)                        | -  | -                         | 7673.12<br>(2506.88)  |

### 34.17 Non performing investments: NIL (NIL)

### 34.18 Disclosure on Repo transactions: NIL (NIL)

### 34.19 Concentration of Deposits, Advances, Exposure and NPAs

#### (a) Concentration of Deposits

(₹ in crores)

|   | 2013-14   | 2012-13  |
|---|-----------|----------|
| Total Deposits of twenty largest depositors                                       | 141947.18 | 99506.35 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 85.88%    | 87.24%   |

## (b) Concentration of Advances

(₹ in crores)

|  | 2013-14   | 2012-13  |
|--|-----------|----------|
| Total Advances to twenty largest borrowers                                       | 105581.21 | 95360.04 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 47.73%    | 48.83%   |

## (c) Concentration of Exposure

(₹ in crores)

|   | 2013-14   | 2012-13  |
|---|-----------|----------|
| Total Exposure to twenty largest borrowers/customers  | 106562.78 | 95765.83 |
| Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 44.08%    | 46.63%   |

## (d) Concentration of NPAs

(₹ in crores)

|   | 2013-14 | 2012-13 |
|---|---------|---------|
| Total Exposure to Top four NPA accounts | 52.14   | 67.87   |

**34.20 Sector-wise NPAs**

| Sr.No | Sector                                     | Percentage of NPAs to Total Advances in that sector |         |
|-------|--|---|---------|
|       |  | 2013-14   | 2012-13 |
| 1     | Agriculture and allied activities          | 1.40  | 0.74    |
| 2     | Industry (Micro & Small, Medium and Large) | 79.82   | 88.98   |
| 3     | Services                                   | 0.00  | 0.00    |
| 4     | Personal Loans-Staff Loans                 | 0.12  | 0.10    |

**34.21 Movement of Gross NPAs**

(₹ in crores)

| Particulars   | 2013-14 | 2012-13 |
|---|---------|---------|
| Gross NPAs as on 1 <sup>st</sup> April of particular year (Opening Balance)       | 111.37  | 91.42   |
| Additions (Fresh NPAs) during the year  | 9.55    | 19.95   |
| Sub-total (A)   | 120.92  | 111.37  |
| Less:-  |         |         |
| (i) Upgradations  | 0.87    | 0.00    |
| (ii) Recoveries (excluding recoveries made from upgraded accounts)                | 6.79    | 0.00    |
| (iii) Write-offs  | 17.46   | 0.00    |
| Sub-total (B)   | 25.12   | 0.00    |
| Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B) | 95.80   | 111.37  |

**34.22 Overseas Assets, NPAs and Revenue: NIL (NIL)****34.23 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms): NIL (NIL)**

### 34.24 Information on Business Segment

(a) **Brief Background**

The Bank has recognized Primary segments as under:

- i) **Direct Finance:** Includes Loans given to state governments for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organisations for developmental activities.
- ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) **Information on Primary Business Segment**

(₹ in crores)

|   | Direct Finance         | Refinance                | Treasury               | Unallocated            | Total                                  |
|---|------------------------|--------------------------|------------------------|------------------------|--|
| <b>Segment Revenue</b>                                | 5528.36<br>(4789.58)   | 7711.89<br>(6548.54)     | 2159.68<br>(1498.84)   | 42.40<br>(48.24)       | <b>15442.33</b><br><b>(12885.20)</b>   |
| <b>Segment Results</b>                                | 505.21<br>(210.75)     | 1412.26<br>(2052.99)     | 2087.83<br>(1452.51)   | -1217.30<br>(-1079.09) | <b>2788.00</b><br><b>(2637.16)</b>     |
| <b>Total carrying amount of Segment Assets</b>        | 86417.98<br>(79453.48) | 137781.03<br>(117963.35) | 29194.80<br>(14193.79) | 1180.35<br>(1559.82)   | <b>254574.16</b><br><b>(213170.44)</b> |
| <b>Total carrying amount of Segment Liabilities</b>   | 87425.90<br>(80271.76) | 139725.41<br>(108422.67) | 1106.65<br>(228.94)    | 26316.20<br>(24247.07) | <b>254574.16</b><br><b>(213170.44)</b> |
| <b>Other Items:</b>                                   |                        |                          |                        |                        |  |
| <b>Cost to acquire Segment Assets during the year</b> | 0.00<br>(0.00)         | 0.00<br>(0.00)           | 0.00<br>(0.00)         | 18.16<br>(18.16)       | <b>18.16</b><br><b>(18.16)</b>         |
| <b>Amortization &amp; Depreciation</b>                | 0.00<br>(0.00)         | 0.00<br>(0.00)           | 1.79<br>(0.00)         | 24.67<br>(19.82)       | <b>26.46</b><br><b>(19.82)</b>         |
| <b>Non Cash Expenses</b>                              | 40.50<br>(87.06)       | 40.96<br>(68.78)         | 0.02<br>(0.04)         | 251.64<br>(232.87)     | <b>333.12</b><br><b>(388.74)</b>       |

- (c) Since the operations of the Bank are confined to India only, there is no reportable secondary segment.

35. Figures in brackets pertain to previous year.

36. Previous year's figures have been regrouped / rearranged wherever necessary.

**SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2013**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation:**

The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (the Bank) and are consistent with those used in the previous year.

**2. Use of Estimates:**

Preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of the operations for the reporting period. Although these estimates are based on the management's best knowledge, the actual results could differ for these estimates. Such differences are recognized in the year of outcome of such results.

**3. Revenue recognition:**

3.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:

- i) Interest on non-performing assets identified as per Reserve Bank of India (RBI) guidelines.
- ii) Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
- iii) Service Charges on loans given out of various Funds.
- iv) Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.

3.2 Discount on Bonds and Commercial Papers issued are amortised over the tenure of Bonds and Commercial Papers. Issue expenses relating to floatation of bonds are recognised as expenditure in the year of issue of Bonds.

3.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

3.4 Expenditure incurred on Subsidy scheme includes approved claims of reimbursements pending disbursements.

3.5 Income from Venture Capital funds is accounted on realisation basis.

3.6 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1956.



3.7 Recovery in non performing assets (NPA) is appropriated in the following order:

- i) penal interest
- ii) cost & charges
- iii) overdue interest and interest
- iv) principal

#### 4. Fixed Assets and Depreciation

- a) Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- b) Land includes free hold and leasehold land.
- c) Premises include value of land, where segregated values are not readily available.
- d) Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.
- e) Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortising the premium/cost over the remaining period of lease hold land, on straight-line basis, whichever is higher.
- f) Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc.) are charged to the Profit & Loss Account in the year of acquisition. Easily portable electronic assets such as laptops, mobile phones, etc., are capitalised, if individual cost of the items is more than ₹10,000/-. All software costing ₹1 lakh each and less, purchased independently are charged to the Profit and Loss Account .
- g) Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

| Type of Assets         | Depreciation Rate |
|------------------------|-------------------|
| Furniture and Fixtures | 20%               |
| Computer & Software    | 33.33%            |
| Office Equipment       | 20%               |
| Vehicles               | 20%               |

- h) Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged in the year of sale.
- i) Capital work in progress includes capital advances and is disclosed under Fixed Assets.

#### 5. Investments

- a) In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).
- b) Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.
- c) Investments classified under Held to Maturity category are carried at acquisition cost, wherever cost is equivalent to face value or less. If cost is more than the face value, the premium is amortised over the period remaining to maturity. Provision for diminution, other than temporary, in the value of investments in subsidiaries and joint ventures under the category “HTM” is made, wherever necessary. Provision for diminution/

amortisation, in value of such investments, is included under Current Liabilities and Provisions.

- d) Profit on redemption of investment categorized under “HTM” is recognized in Profit & Loss A/c and then transferred to Capital Reserve A/c. Loss on sale of investment categorized under “HTM” is recognized in Profit & Loss A/c.
- e) Investments under “AFS” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Net depreciation, if any, is provided for investments in the category classified as “AFS” and appreciation is ignored.
- f) Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA). Depreciation /appreciation is recognised in the category for investments classified as “HFT”.
- g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- h) Treasury Bills are valued at carrying cost.
- i) Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies are available, or at ₹1/- per Company as per RBI guideline.
- j) Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.
- k) Broken period interest paid/ received on debt investment is treated as a interest expenses/ income and is excluded for cost/ sale consideration.
- l) Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

## **6. Advances and Provisions thereon**

- a) Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- b) In case of restructuring/rescheduling of advances, the difference between the present value of future principal and interest as per the original agreement and the present value of future principal and interest as per the revised agreement is provided for.
- c) Advances are stated net of provisions towards Non-performing Advances.

## **7. Foreign Currency Transactions**

As per Accounting Standard (AS-11) (Revised 2003) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India; following accounting treatment is given to foreign exchange transactions:

- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Foreign Exchange Dealers Association of India (FEDAI) as at the close of the year and resultant Exchange difference on revaluation is charged to Profit and Loss Account under the head ‘Gain/Loss on revaluation of foreign Deposits & Borrowings’ and
- b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

## **8. Accounting for Foreign Exchange Contracts**

- a) Foreign Exchange Contracts are to hedge the repayment of Foreign currency borrowings.
- b) The foreign exchange contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain/loss on revaluation is recognized in the Profit & Loss Account

under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'. Premium/discount are accounted over the life of the contract.

- c) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit & Loss Account under the head 'Gain/Loss on revaluation of Forward Exchange Contract Account'.

## 9. Employee Benefits

All personnel transferred from RBI are considered as employees of the Bank and provisions for Employee Benefits are made accordingly. The amount of gratuity due from RBI, in respect such employees, is recognised on cash basis. Actuarial valuation, wherever required, are carried out at each balance sheet date.

### a) Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, such as medical benefits etc. which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

### b) Post Employment Benefits:

#### i) Defined Contribution Plan

The Bank has a Provident Fund Scheme in respect of all eligible employees joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on accrual basis.

The Bank has introduced a New Pension Scheme (NPS) for all the officers/ employees who have joined the services of the Bank on or after 01 January 2012. The Bank has adopted the "NPS- Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the Fund is made on accrual basis.

#### ii) Defined Benefit Plan

Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees including those employees transferred from RBI. The amount of gratuity due from RBI, in respect of employees transferred from RBI, is accounted on cash basis.

Provision for pension is made based on actuarial valuation, in respect of all eligible employees joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognised in the Profit and Loss account on accrual basis.

#### iii) Other Long Term benefits

All eligible employees of the bank are eligible for compensated absences. The costs of such long term employee benefits are internally funded by the Bank. The cost of providing other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognised in the Profit and Loss account on accrual basis.

## 10. Taxes on Income

- a) Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- b) Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.

- c) Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- d) Tax paid/provided on taxable income earned by the funds are accounted as expenditure of respective funds.

#### **11. Segment Reporting**

- a) Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- b) Income, which relates to Bank as a whole and not allocable to segments is included under "Other unallocable bank income".
- c) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- d) Segment Assets and Liabilities include those directly identifiable with the respective segments. Unallocable Assets and Liabilities include those that relate to the Bank as a whole and not allocable to any segment.

#### **12. Impairment of Assets**

- a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:
  - i) the provision for impairment loss, if any, required; or
  - ii) the reversal, if any, required for impairment loss recognized in the previous periods.
- c) Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

#### **13. Provisions, Contingent Liabilities and Contingent Assets**

- 13.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:
  - a) the Bank has a present obligation as a result of a past event;
  - b) a probable outflow of resources is expected to settle the obligation; and
  - c) the amount of the obligation can be reliably estimated.
- 13.2 Contingent liability is disclosed in the case of:
  - a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
  - b) a present obligation when no reliable estimate is possible, and
  - c) a possible obligation arising from past events where the probability of outflow of resources is not remote.
- 13.3 Contingent assets are neither recognized, nor disclosed.
- 13.4 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

#### **14. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.

## SIGNIFICANT NOTES TO THE ACCOUNTS

1. In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF). During the year ₹0.67 crores (₹0.68 crores) has been credited to the said fund.
2. In terms of the agreement with Kreditanstalt Fur Wiederaufbau -German Development Bank (KfW), accretion/income and expenditure under UPNRM have been charged to the fund. The loans granted out of this fund have been classified as direct loans and disclosed under Schedule 12. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 8
3. Interest on unutilized balances has been credited to the following funds as per the respective agreements/ as approved by the management. The details of rate of interest for respective funds are as under:

| Sr No | Name of the Fund  | Rate of Interest for 2012-13 | Rate of Interest for 2011-12 |
|-------|---|------------------------------|------------------------------|
| 1.    | Adivasi Delopment Programme   | 6%                           | 6%                           |
| 2.    | Watershed development Fund  | 6%                           | 6%                           |
| 3.    | KfW- NB IGWDP ( Andhra Pradesh, Gujrat, Maharashtra, Rajasthan)               | 6%                           | 6%                           |
| 4.    | KfW Accompanying Measures   | 6%                           | 6%                           |
| 5.    | Rural Innovation Fund   | 6%                           | 6%                           |
| 6.    | Tribal Development Fund   | 6%                           | NIL                          |
| 7.    | Financial Inclusion Fund  | 6%                           | 6.57%                        |
| 8.    | Cattle Development Fund (UP & Bihar)  | 9.01%                        | 6.57%                        |
| 9     | Micro Finance Development and Equity Fund                                     | 6.90%*                       | 6.57%                        |
| 10    | Multi Activity Approach For Poverty Alleviation ( Sultanpur and Rae Bareilly) | 9.01%                        | 6.57%                        |
| 11    | Center for Professional Excellence in Co-operatives.                          | 9.01%                        | ----                         |

\*Paid @ average rate applicable from April 2012 to September 2012

4. The expenditure recoverable from Government of India / international agencies as per Schedule-14 of Balance Sheet amounting to ₹7.43 crores(₹18.76 crores) includes debit balance of various funds The details of such funds are as under: (₹ in crores)

| Sr No | Name of the Fund                | 31-03-2013 | 31-03-2012 |
|-------|---------------------------------|------------|------------|
| 1     | KfW- NB IGWDP ( Andhra Pradesh) | 2.69       | 5.85       |
| 2     | KfW- NB IGWDP ( Maharashtra)    | ---        | 7.25       |
| 3     | KfW- NB IGWDP ( Rajasthan)      | 2.82       | 2.96       |
| 4.    | KfW- NB IGWDP (Gujarat)         | 1.90       | 0.88       |
| 5     | IFAD- Priyadarshni              | ---        | 1.72       |
| 6.    | NE Council Fund                 | 0.02       | 0.10       |

5. Pursuant to directions of the RBI to discontinue the Micro Finance Development and Equity Fund (MFDEF), an amount of ₹14.99 crores, being the excess contribution made by Bank is transferred to the Reserve Fund. Pending the final direction from RBI, the balance amount of

₹74.28 crores of the fund has been disclosed under the head Sundry Creditors under Schedule 9. Consequently, the balance of MFDEF Reserve Fund, created out of the surplus during the financial year 2009-10, amounting to ₹80 crores, has been transferred to Profit and Loss Appropriation Account for the year.

6. Subvention received/receivable from GOI amounting to ₹1966.54 crores (₹1475.52crores), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest and disclosed under Schedule 14.
7. Other receipts includes ₹112.37 crores (₹78.49 crores) received/receivable from GOI towards administration charges on providing refinance under interest subvention scheme to, StCBs, RRBs and to CCBs, Public Sector Banks for financing Primary Agriculture Co-operative Societies (PACS) for Seasonal Agricultural Operations.
8. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5 percent in respect of Rural Infrastructure Development Fund (RIDF) deposits, Short Term Co-operative Rural Credit Refinance Fund (STCRC) Deposits and Short Term RRB Credit Refinance Fund (STRRB) deposits, placed by the Commercial Banks is credited to Financial Inclusion Fund. (credited to Tribal Development Fund during previous year)
9. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss account the difference of ₹14.80 crores between net deferred tax assets of ₹85.95 crores and ₹71.15 crores as at 31 March 2013 and 31 March 2012 respectively, as detailed below:

(₹ in crores)

| Sr. No. | Deferred Tax Assets   | 31 March 2013 | 31 March 2012 |
|---------|---|---------------|---------------|
| 1       | Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis | 64.00         | 49.65         |
| 2       | Depreciation on Fixed Assets  | 21.95         | 21.50         |
|         | <b>Total</b>  | <b>85.95</b>  | <b>71.15</b>  |

Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

10. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2012. Pending such settlement an amount of ₹73.60 crores (Previous year Nil) has been provided under the head "Salary and Allowances".
11. The tax liability of the Bank for the Assessment Year 2002-03 amounting to ₹373.15 crores was assessed by the Income Tax Department. The Bank has provided and paid the said liability. However, the Bank has filed an appeal against the order of the CIT Appeals with the Income Tax Appellate Tribunal.
12. Income Tax Department has reopened the assessments for the Assessment Year 2005-06 during the financial year 2011-12. The Bank has objected to such reopening and filed a writ petition against the IT Department in Bombay High Court. In our opinion, the liability of any tax outflow on this count is remote.

13. Income Tax Department has reopened the assessments for the Assessment Year 2006-07, 2008-09 and 2009-10. The bank has requested the department to furnish for reasons for re-opening. Response is awaited from the Income tax department.
14. Income Tax Department has reopened the assessments for the Assessment Year 2007-08 during the Financial Year 2011-12. An amount of ₹266.07 crores has been added to the income of the Bank during the re-assessment of the income. Out of above, an addition of ₹219.64 crores has been made on account of differential interest accounted under the RIDF which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹46.43 crores has been added to the income of the Bank on account shortfall in Transfer to Special Reserve u/s 36 (1) (viii). The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has -accounted the tax including interest amounting to ₹129.99 crores under the head Tribal Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and  
- Provided the tax including interest of ₹ 27.47 crores on account of shortfall in Transfer to Special Reserve u/s 36 (1) (viii) to the Profit and Loss account for the year .The bank has paid the total demand of ₹157.47 crores.
15. During the year, the Income Tax Department, for the Assessment year 2010-11, has made an addition of ₹633.43 crores on account of differential interest accounted under the RIDF/STCRC which was credited to Tribal Development Fund in terms of the RBI directions. Further, an amount of ₹82.92 crores has been added to the income of the Bank on account of disallowance of expenditure on promotional activities. The Bank has filed an appeal against the above order with CIT- Appeals. Pending the outcome of the appeal, the bank has -accounted the tax including interest amounting to ₹276.66 crores under the head Tribal Development Fund as an expenditure of the fund, in accordance with the resolution of the Board, and  
- Provided the tax including interest on account of disallowance amounting to ₹36.41 crores to the profit and loss account for the year. The tax demand of ₹313.07 crores has been fully paid by the Bank.
16. 'Free hold land and lease Land' and 'Premises' include  
- ₹34.77 crores (₹34.77 crores) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.  
- ₹10.93crores (₹10.93crores) where lease agreements are yet to be executed
17. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(₹ in crores)

| Particulars  | Face Value           | Book Value           |
|--|----------------------|----------------------|
| Pledged for Business Segment (Securities)                                      | 35.00<br>(35.00)     | 34.08<br>(34.08)     |
| Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) | 2382.00<br>(2071.00) | 2363.05<br>(2044.06) |

18. The market value of all investments held by NABARD under Held to Maturity (HTM) category was ₹1390.65 crores against the book value of ₹939.34 crores. Out of this the market value of investment in Venture Capital Fund was ₹27.47 crores against the book value of ₹34.72 crores. Accordingly, the excess of book value over market value was ₹7.25 crores for which no provision was made as per RBI guideline.

19. Pursuant to the directives of RBI, the project loans provided to State Co-operative Agriculture and Rural Development Banks (SCARDBs) by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
- classified as Investments and shown in Schedule – 11 under the head ‘Debenture and Bonds’.
  - Interest earned on the same is shown as a part of ‘Interest received on Loans and Advances’ in the Profit and Loss Account, treating them as ‘deemed advances’.
  - ‘Deemed Advances’ for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
  - The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to Nil (Nil).
20. During the year, an amount of ₹52.24 crores (inclusive of funded interest of ₹4.98 crores) has been transferred from Investments in Commercial Papers to other loans being the value of defaulted Commercial Papers converted to loans in terms of the restructuring package under CDR approved by all lenders.
21. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹299 crores pertains to non starter projects. Pending receipt of the proposal from State Government for adjustment of the amount with the respective/ other projects, the amount has been classified as disbursement from the fund.
22. Disclosure required under AS 15 (Revised) on “Employee Benefits” is as under:

### 22.1 **Defined Benefit Plans**

Employees Retirement Benefit plans of the bank include Pension, Gratuity and Leave Encashment, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### 22.1.1 **Pension**

- a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 1556.87 | 1223.03 |
| Current Service Cost   | 33.85   | 33.42   |
| Interest Cost  | 136.23  | 100.90  |
| Actuarial gain/ loss   | 196.28  | 283.32  |
| Benefits paid  | -75.70  | -83.80  |
| Present value of defined benefits obligations at the year end        | 1847.53 | 1556.87 |



- b. Amount recognized in the Balance Sheet as on 31 March 2013 and previous year from 2008-09 to 2011-12:

(₹. in crores)

|  | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|--|---------|---------|---------|---------|---------|
| Particulars  | Pension | Pension | Pension | Pension | Pension |
| Present value of defined benefits obligations as at the year end | 1847.53 | 1556.87 | 1223.03 | 958.76  | 892.01  |
| Fair value of plan assets as at the year end @                   | 1832.69 | 1311.25 | 288.11  | 268.77  | 254.66  |
| Liability recognized in the Balance sheet as at the year end     | 14.84   | 245.63  | 934.92  | 689.99  | 637.35  |

@ Includes the Bank's contribution of ₹383.82 crores (₹363.79 crores) towards PF for pension optees available with RBI. The confirmation of the balance is awaited from RBI.

- c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Current Service Cost                                 | 33.85   | 33.42   |
| Interest Cost  | 136.23  | 100.90  |
| Net Actuarial gain/ loss                             | 226.86  | 220.54  |
| Expected return on Plan Assets                       | -123.26 | -37.10  |
| Expense recognized in the statement of Profit & Loss | 273.68  | 317.76  |

- d. Actuarial assumptions:

| Particulars               | 2012-13               | 2011-12               |
|---------------------------|-----------------------|-----------------------|
| Mortality Table (LIC)     | 1994-96<br>(Ultimate) | 1994-96<br>(Ultimate) |
| Discount rate (per annum) | 8.25%                 | 8.75%                 |
| Salary growth (per annum) | 5.50%                 | 5.50%                 |
| Withdrawal rate           | 1.00%                 | 1.00%                 |

### 22.1.2 Gratuity

- a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹ in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 239.68  | 242.57  |
| Current Service Cost   | 19.07   | 17.53   |

|   |        |        |
|---|--------|--------|
| Interest Cost   | 20.97  | 20.01  |
| Actuarial gain/ loss  | 4.73   | -8.61  |
| Benefits paid   | -23.51 | -31.82 |
| Present value of defined benefits obligations at the year end | 260.94 | 239.68 |

**b. Amount recognized in the Balance Sheet as on 31 March 2013**

(₹in crores)

| Particulars  | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|--|---------|---------|---------|---------|---------|
| Present value of defined benefits obligations as at the year end | 260.93  | 239.68  | 242.57  | 221.2   | 250.53  |
| Fair value of plan assets as at the year end                     | 261.90  | 260.82  | 227.85  | 220.00  | 0.00    |
| Liability recognized in the Balance sheet as at the year end     | -0.97   | -21.14  | 14.72   | 1.20    | 250.53  |

**c. Expenses recognized in the Profit and Loss Account during the year:**

(₹in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Current Service Cost                                 | 19.07   | 17.53   |
| Interest Cost  | 20.97   | 20.01   |
| Net Actuarial gain/ loss                             | 5.97    | -8.65   |
| Expected return on Plan Assets                       | -21.78  | -21.62  |
| Expense recognized in the statement of Profit & Loss | 24.23   | 7.27    |

**d. Actuarial assumptions:**

| Particulars               | 2012-13            | 2011-12            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.25%              | 8.75%              |
| Salary growth (per annum) | 5.50%              | 5.50%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

### 22.1.3 Encashment of Ordinary Leave

#### a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Present value of defined benefit obligation at the beginning of year | 153.03  | 144.88  |
| Current Service Cost   | 1.16    | 3.77    |
| Interest Cost  | 13.39   | 11.95   |
| Actuarial gain/ loss   | 43.42   | 4.42    |
| Benefits paid  | -13.74  | -11.99  |
| Present value of defined benefits obligations at the year end        | 197.26  | 153.03  |

#### b. Amount recognized in the Balance Sheet as on 31 March 2013

(₹in crores)

| Particulars  | 2012-13  | 2011-12  | 2010-11  | 2009-10 | 2008-09 |
|--|----------|----------|----------|---------|---------|
| Present value of defined benefits obligations as at the year end | 197.26   | 153.03   | 144.88   | 117.63  | 115.51  |
| Fair value of plan assets as at the year end \$                  | 184.06\$ | 137.14\$ | 143.66\$ | 127.55  | 90.99   |
| Liability recognized in the Balance sheet as at the year end     | 13.20    | 15.89    | 1.22     | -9.91   | 24.52   |

\$ Represents the amount invested with Insurance companies towards the liability for Leave Encashment.

#### c. Expenses recognized in the Profit and Loss Account during the year: (₹in crores)

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| Current Service Cost                                 | 1.16    | 3.77    |
| Interest Cost  | 13.39   | 11.95   |
| Net Actuarial gain/ loss                             | -1.84   | 12.12   |
| Expected return on Plan Assets                       | -13.29  | -13.17  |
| Expense recognized in the statement of Profit & Loss | -0.58   | 14.67   |

**d. Actuarial assumptions:**

| Particulars               | 2012-13            | 2011-12            |
|---------------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.25%              | 8.75%              |
| Salary growth (per annum) | 5.50%              | 5.50%              |
| Withdrawal rate           | 1.00%              | 1.00%              |

**22.1.4 Investment under Plan Assets of Pension, Gratuity & Leave Encashment Fund as on 31st March 2013**

| Particulars              | Pension          | Gratuity         | Encashment of OL |
|--------------------------|------------------|------------------|------------------|
|                          | % of Plan Assets | % of Plan Assets | % of Plan Assets |
| Central Govt. Securities | 39.01            | ---              | ---              |
| State Govt Securities    | 13.20            | ---              | ---              |
| Corporate Bonds          | ---              | ---              | ---              |
| Insurer Managed Funds    | ---              | 100              | 100              |
| Others                   | 47.79            | ---              | ---              |
| Total                    | 100              | 100              | 100              |

**22.2** The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

**22.3** The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

**22.4 Defined Contribution Plan:**

The bank contributes its share to Provident Fund with RBI. As per the terms the contribution is a defined contribution plan. During the year the bank has contributed ₹19.56 crores with RBI.

As per the New Pension scheme for the employees w.e.f. 01 January 2012, the contribution to by the bank is a defined contribution. During the year the bank has contributed ₹.0.01 crores to the said scheme.

**23.** In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.

**24.** The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(₹ in crores)

| Particulars     | 2012-13 | 2011-12 |
|-----------------|---------|---------|
| Opening Balance | 0.24    | 0.00    |

|                          |      |      |
|--------------------------|------|------|
| Addition during the year | 0.00 | 0.24 |
| Deletion during the year | 0.00 | 0.00 |
| Closing Balance          | 0.24 | 0.24 |

25. Prior period items included in the Profit and Loss account are as follows:

(₹ in crores)

| Sr. No. | Particulars         | 2012-13     | 2011-12     |
|---------|---------------------|-------------|-------------|
| 1.      | Revenue Expenditure | 9.93        | 5.27        |
| 2.      | Fund Expenditure    | -5.82       | ----        |
|         | <b>Total</b>        | <b>4.11</b> | <b>5.27</b> |

26. Capital adequacy ratio of the Bank as on 31 March 2013 was 18.24% (20.55%) as against a minimum of 9% as stipulated by RBI.

27. As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act 2006.

## 28. Other Disclosures

### 28.1 Capital

#### (a) Capital to Risk-weighted Assets Ratio (CRAR)

(Percent)

| Particulars        | 31 March 2013 | 31 March 2012 |
|--------------------|---------------|---------------|
| CRAR               | 18.24         | 20.55         |
| Core CRAR          | 17.33         | 19.42         |
| Supplementary CRAR | 0.91          | 1.13          |

#### (b) Subordinated Debt

(₹ in crores)

| Particulars   | 31 March 2013 | 31 March 2012 |
|---|---------------|---------------|
| Amount of subordinated debt raised and outstanding as Tier II Capital | Nil           | Nil           |

#### (c) Risk weighted assets

(₹ in crores)

| Particulars               | 31 March 2013 | 31 March 2012 |
|---------------------------|---------------|---------------|
| On – Balance Sheet Items  | 107344.04     | 80736.44      |
| Off – Balance Sheet Items | 43.88         | 19.44         |

### 28.2 Pattern of Capital contribution as on the date of the Balance Sheet:

NABARD has received an amount of ₹1000 crores from Government of India (vide their letter nos. F.No.20/16/2010-AC dated 25 June 2012 and 12 March 2013) towards Share Capital. Consequent to this the shareholding of Government of India and RBI in the Paid up capital of NABARD as on 31 March 2013 was at 99.50% : 0.50% as per details given below.

(₹ in crores)

| Contributor           | 31 March 2013 |       | 31 March 2012 |       |
|-----------------------|---------------|-------|---------------|-------|
| Reserve Bank of India | 20.00         | 0.50% | 20.00         | 0.67% |

|                     |                |                |                |                |
|---------------------|----------------|----------------|----------------|----------------|
| Government of India | 3,980.00       | 99.50%         | 2,980.00       | 99.33%         |
| <b>Total</b>        | <b>4000.00</b> | <b>100.00%</b> | <b>3000.00</b> | <b>100.00%</b> |

### 28.3 Asset Quality and Credit Concentration

#### (a) Net NPA position

| <i>Particulars</i>                             | <b>31 March 2013</b> | <b>31 March 2012</b> |
|--|----------------------|----------------------|
| Percentage of Net NPAs to Net Loans & Advances | 0.01220              | 0.02249              |

#### (b) Asset classification

(₹ in crores)

| <b>Classification</b> | <b>2012-13</b>   |                | <b>2011-12</b>   |                |
|-----------------------|------------------|----------------|------------------|----------------|
|                       | <b>Amount</b>    | <b>(%)</b>     | <b>Amount</b>    | <b>(%)</b>     |
| Standard              | 195440.89        | 99.943         | 165174.11        | 99.945         |
| Sub-standard          | 1.02             | 0.001          | 22.19            | 0.013          |
| Doubtful              | 109.32           | 0.055          | 68.21            | 0.041          |
| Loss                  | 1.02             | 0.001          | 1.02             | 0.001          |
| <b>Total</b>          | <b>195552.25</b> | <b>100.000</b> | <b>165265.53</b> | <b>100.000</b> |

#### (c) Provisions made during the year

(₹ in crores)

| <b>Provisions against</b> | <b>2012-13</b> | <b>2011-12</b> |
|---------------------------|----------------|----------------|
| Standard Assets           | 125.66         | 78.74          |
| Non Performing Assets     | 33.26          | 14.87          |
| Investments (Net)         | -33.22         | 30.44          |
| Income Tax                | 843.90         | 455.00         |
| <b>Total</b>              | <b>969.60</b>  | <b>579.05</b>  |

#### (d) Movement in Net NPAs

(₹ in crores)

| <b>Particulars</b>                           | <b>2012-13</b> | <b>2011-12</b> |
|--|----------------|----------------|
| (A) Net NPAs as at beginning of the year     | 37.15          | 29.83          |
| (B) Add: Additions during the year           | 7.58           | 7.32           |
| <b>(C) Sub-total (A+B)</b>                   | <b>44.73</b>   | <b>37.15</b>   |
| (D) Less: Reductions during the year         | 20.89          | 0.00           |
| (E) Net NPAs as at the end of the year (C-D) | 23.84          | 37.15          |

#### (e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

|     | <b>Category</b>                           | <b>2012-13</b>                 |                     | <b>2011-12</b>                 |                     |
|-----|---|--------------------------------|---------------------|--------------------------------|---------------------|
|     |   | <b>Credit Exposure as % to</b> |                     | <b>Credit Exposure as % to</b> |                     |
|     |   | <b>Capital Funds</b>           | <b>Total Assets</b> | <b>Capital Funds</b>           | <b>Total Assets</b> |
| I   | Largest Single Borrower                   | 58.66                          | 5.39                | 91.60                          | 8.35                |
| II  | Largest Borrower Group                    | Not Applicable                 |                     | Not Applicable                 |                     |
| III | Ten Largest Single Borrowers for the year | 301.76                         | 27.74               | 331.83                         | 30.24               |

|    |                             |                |                |
|----|-----------------------------|----------------|----------------|
| IV | Ten Largest Borrower Groups | Not Applicable | Not Applicable |
|----|-----------------------------|----------------|----------------|

- (f) **Credit exposure to the five largest industrial sectors as percentage to total loan assets:** Not Applicable

## 28.4 Liquidity

Maturity pattern of Rupee Assets and Liabilities and Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crores)

| Sr. No | Item                                | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 years upto 5 years | More than 5 years upto 7 years | More than 7 years      | Total #                  |
|--------|-------------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|------------------------|--------------------------|
| 1      | <b>Rupee Assets</b>                 | 106789.15<br>(82117.97)      | 51910.68<br>(45084.24)        | 32934.32<br>(34177.67)         | 15288.74<br>(15242.53)         | 5446.19<br>(4660.17)   | 212369.08<br>(181342.58) |
| 2      | <b>Foreign currency assets</b>      | 0.00<br>(0.00)               | 0.00<br>(0.00)                | 0.00<br>(0.00)                 | 0.00<br>(0.00)                 | 0.00<br>(0.00)         | 0.00<br>(0.00)           |
|        | <b>Total Assets</b>                 | 106789.15<br>(82177.97)      | 51910.68<br>(45084.24)        | 32934.32<br>(34177.67)         | 15288.74<br>(15242.53)         | 5446.19<br>(4660.17)   | 212369.08<br>(181342.58) |
| 3      | <b>Rupee Liabilities</b>            | 50534.11<br>(29159.71)       | 69136.60<br>(57562.03)        | 34100.45<br>(32583.53)         | 14415.15<br>(25013.99)         | 43719.88<br>(36520.54) | 211906.19<br>(180839.80) |
| 4      | <b>Foreign currency liabilities</b> | 39.88<br>(39.88)             | 79.77<br>(79.77)              | 64.81<br>(79.77)               | 113.79<br>(34.78)              | 164.64<br>(268.58)     | 462.89<br>(502.78)       |
|        | <b>Total Liabilities</b>            | 50573.99<br>(29199.59)       | 69216.37<br>(57641.80)        | 34165.26<br>(32663.20)         | 14528.94<br>(25048.77)         | 43884.52<br>(36789.12) | 212369.08<br>(181342.58) |

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹801.35 (₹732.63 crores)

## 28.5 Operating results

|     | Particulars  | 2012-13 | 2011-12 |
|-----|--|---------|---------|
| (a) | Interest income as a percentage to average working funds     | 6.58    | 6.53    |
| (b) | Non interest income as a percentage to average working funds | 0.09    | 0.07    |
| (c) | Operating profit as a percentage to average working funds    | 1.45    | 1.44    |
| (d) | Return on average Assets (%)                                 | 0.94    | 0.98    |
| (e) | Net Profit per Employee (Rs. in crores)                      | 0.41    | 0.36    |

## 28.6 Movement in the provisions

- (a) **Provision for Non Performing Assets (Loan Assets)**

(₹ in crores)

| Particulars   | 2012-13 | 2011-12 |
|---|---------|---------|
| Opening balance as at the beginning of financial year | 54.26   | 39.39   |
| Add: Provision made during the year                   | 33.26   | 14.87   |
| Less: Write off, write back of excess provision       | 0.00    | 0.00    |
| Closing balance at the close of financial year        | 87.52   | 54.26   |

**(b) Provision for depreciation in investments**

(₹ in crores)

|   |      | <b>Particulars</b>   | <b>2012-13</b> | <b>2011-12</b> |
|---|------|--|----------------|----------------|
| A |      | Opening balance as at the beginning of the financial year                          | 33.81          | 3.37           |
| B | Add  |  |                |                |
|   | (i)  | Provisions made during the year  | 0.00           | 31.74          |
|   | (ii) | Appropriation, if any, from Investment Fluctuation Reserve Account during the year | 0.00           | 0.00           |
| C |      | Sub Total [A+B (i)+B (ii)]   | 33.81          | 35.11          |
| D | Less |  |                |                |
|   | (i)  | Write off / Write back of excess provision   | 33.22          | 1.30           |
|   | (ii) | Transfer, if any, to Investment Fluctuation Reserve Account                        | 0.00           | 0.00           |
|   |      | Sub Total [D]  | 33.22          | 1.30           |
| E |      | Closing balance as at the close of financial year (C-D)                            | 0.59           | 33.81          |

**28.7 Restructured accounts**

During the current financial year, four loan accounts outstanding to the extent of ₹4.22 crores have been rescheduled/ restructured. Of the above, two loans are classified as Standard Asset and two are classified as Substandard Assets. An additional provision at the rate of 2.35% has been made on the Standard Restructured Assets as per RBI Guidelines. An amount of ₹3.68 crores is recognized as reversal of sacrifice on restructured accounts . An additional sacrifice of ₹0.11 crores other than sacrifice under CDR is provided on restructured accounts, and ₹0.68 crores is provided for accounts restructured under CDR.

**28.8 Assets sold to securitisation company / reconstruction company** : NIL (NIL)

**28.9 Forward Rate Agreements and Interest Rate Swaps** : NIL (NIL)

**28.10 Interest Rate Derivatives** : NIL (NIL)

**28.11 Investments in Non Government Debt Securities** : NIL (NIL)

**28.12 Corporate Debt Restructuring (CDR)**

During the year the investment in Commercial papers of M/s Hindustan Construction Company Ltd. (book value ₹47.26 crores) has been subjected to restructuring under CDR. An amount of ₹4.98 crores is considered as funded interest. Pursuant to the restructuring , the



amount has been disclosed under Other loans under Schedule 12 as a Standard Advances. An amount of ₹0.68 crores is provided towards sacrifice in principal/ interest element on restructuring. An provision at the rate of 2.35% has been made in addition to 0.40% provided earlier, as required under IRAC norms.

### 28.13 Disclosure on risk exposure in Derivatives

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 85.24(93.63) million Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year–end exchange rate stood at ₹592.83(₹632.33) crores and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹462.89(₹502.77) crores. The quantitative disclosure in this regard is as under:

(₹in crores)

| Sr. No. | Particulars   | Currency Derivatives | Interest Rate Derivatives |
|---------|---|----------------------|---------------------------|
| 1       | Derivatives (Notional Principal amount)                                   |                      |                           |
|         | A) For Hedging  | 592.83<br>(632.33)   | NA                        |
|         | B) For Trading  | NA                   | NA                        |
| 2       | <b>Marked to Market Positions [1]</b>                                     |                      |                           |
|         | a) Asset (+)  | 129.94<br>(129.55)   | NA                        |
|         | b) Liability (–)  | NA                   | NA                        |
| 3       | <b>Credit Exposure [2]</b>  | 101.16               | NA                        |
| 4       | <b>Likely impact of one percentage change in interest rate (100*PV01)</b> |                      |                           |
|         | a) on hedging derivatives   | 5.03 <sup>@</sup>    | NA                        |
|         | b) on trading derivatives   | NA                   | NA                        |
| 5       | <b>Maximum and Minimum of 100*PV01 observed during the year</b>           |                      |                           |
|         | a) on hedging   | NA                   | NA                        |
|         | b) on trading   | NA                   | NA                        |

@ If MIBOR rates decrease by 100 bps across tenure MTM gain would be reduced by ₹5.03 crores

### 28.14 Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)

### 28.15 Related Party Transactions

As the Bank is state controlled enterprise within the meaning of AS-18 “Related Party Transactions”, the details of the transactions with other state controlled enterprises are not given.

#### List of Related Parties:

**a) Companies where entity has control:**

| Sr. No. | Companies                                 |
|---------|---|
| 1.      | Nabard Financial Services Ltd.            |
| 2.      | Agri Business Finance (AP) Ltd.           |
| 3.      | Agri Development Finance (Tamilnadu) Ltd. |
| 4.      | Nabard Consultancy Services Pvt. Ltd.     |

**b) Key Management Personnel:**

Dr. Prakash Bakshi – Chairman

(₹ in crores)

| Name of the Party  | Nature of Relationship             | Nature of Transaction              | Amount of transaction during the year | Outstanding |
|--------------------|------------------------------------|------------------------------------|---------------------------------------|-------------|
| Dr. Prakash Bakshi | Key Management Personnel– Chairman | Remuneration including perquisites | 0.20(0.107)                           | 0.00        |

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

**28.16 Issuer categories in respect of investments made**

(₹ in crores)

| Sr. No. | Issuer                                 | Amount               | Investment made through private placement | 'Below investment grade' Securities held | 'Unrated' Securities held | 'Unlisted' Securities |
|---------|--|----------------------|---|--|---------------------------|-----------------------|
| (1)     | (2)                                    | (3)                  | (4)                                       | (5)                                      | (6)                       | (7)                   |
| 1       | PSUs                                   | 162.14<br>(162.14)   | 136.00<br>(136.00)                        | –  | 62.12<br>(62.12)          | 61.00<br>(61.00)      |
| 2       | FIs                                    | 108.00<br>(123.00)   | 108.00<br>(123.00)                        | –  | 48.00<br>(48.00)          | 48.00<br>(48.00)      |
| 3       | Banks                                  | 0.09<br>(0.09)       | –   | –  | 0.09<br>(0.09)            | –                     |
| 4       | Private Corporate                      | 259.21<br>(234.13)   | 234.13<br>(234.13)                        | –  | 34.13<br>(34.13)          | 32.88<br>(32.88)      |
| 5       | Subsidiaries/Joint ventures            | 99.44<br>(41.37)     | 99.44<br>(41.37)                          | –  | 99.44<br>(41.37)          | 99.44<br>(41.37)      |
| 6       | Others (Net of Provision) <sup>§</sup> | 2421.49<br>(3100.47) | 39.70<br>(25.92)                          | –  | 39.70<br>(25.92)          | 2421.49<br>(3100.47)  |
| 7       | Provision held towards depreciation    | 0.59<br>(3.19)       | –   | –  | 0.59<br>(0.59)            | 0.59<br>(0.59)        |
|         | Total (1 to 6 minus 7)                 | 3049.78<br>(3658.01) | 617.25<br>(560.42)                        | 0.00<br>(0.00)                           | 282.89 (211.04)           | 2662.22<br>(3283.13)  |

§ Others includes Mutual Funds, Certificate of Deposit, Commercial Paper and Venture Funds

**28.17 Non performing investments: NIL (NIL)****28.18 Disclosure on Repo transactions: NIL (NIL)****28.19 Concentration of Deposits, Advances, Exposure and NPAs****(a) Concentration of Deposits**

|   | (₹ in Crores) |          |
|---|---------------|----------|
|   | 2012-13       | 2011-12  |
| Total Deposits of twenty largest depositors                                       | 99506.35      | 85859.17 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 87.24%        | 90.00%   |

**(b) Concentration of Advances**

|  | (₹ in Crores) |          |
|--|---------------|----------|
|  | 2012-13       | 2011-12  |
| Total Advances to twenty largest borrowers                                       | 95360.04      | 86213.95 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 48.83%        | 52.24%   |

**(c) Concentration of Exposure**

|   | (₹ in Crores) |          |
|---|---------------|----------|
|   | 2012-13       | 2011-12  |
| Total Exposure to twenty largest borrowers/customers  | 95765.83      | 87413.95 |
| Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 46.63%        | 50.88%   |

**(d) Concentration of NPAs**

|   | (₹ in Crores) |         |
|---|---------------|---------|
|   | 2012-13       | 2011-12 |
| Total Exposure to Top four NPA accounts | 67.87         | 57.40   |

**28.20 Sector-wise NPAs**

| S.No | Sector                                     | Percentage of NPAs to Total Advances in that sector |         |
|------|--|---|---------|
|      |  | 2012-13   | 2011-12 |
| 1    | Agriculture and allied activities          | 0.74  | 0.00    |
| 2    | Industry (Micro & Small, Medium and Large) | 88.98   | 72.35   |
| 3    | Services                                   | 0.00  | 0.00    |
| 4    | Personal Loans-Staff Loans                 | 0.10  | 0.06    |

**28.21 Movement of Gross NPAs**

|   | (₹ in Crores) |         |
|---|---------------|---------|
| Particulars   | 2012-13       | 2011-12 |
| Gross NPAs as on 1 <sup>st</sup> April of particular year | 91.42         | 69.19   |

|   |        |       |
|---|--------|-------|
| (Opening Balance)   |        |       |
| Additions (Fresh NPAs) during the year  | 19.95  | 22.23 |
| Sub-total (A)   | 111.37 | 91.42 |
| Less:-  |        |       |
| (i) Upgradations  | 0.00   | 0.00  |
| (ii) Recoveries (excluding recoveries made from upgraded accounts)                | 0.00   | 0.00  |
| (iii) Write-offs  | 0.00   | 0.00  |
| Sub-total (B)   | 0.00   | 0.00  |
| Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B) | 111.37 | 91.42 |

**28.22 Overseas Assets, NPAs and Revenue:** NIL (NIL)

**28.23 Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms): NIL (NIL)

**28.24 Information on Business Segment**

(a) **Brief Background**

The Bank has recognized Primary segments as under:

- i) **Direct Finance:** Includes Loans given to state governments for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organisations for developmental activities.
- ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, SCARDBs, StCBs Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

(b) **Information on Primary Business Segment**

(₹ in crores)

|   | Direct Finance         | Refinance               | Treasury               | Unallocated            | Total                                   |
|---|------------------------|-------------------------|------------------------|------------------------|---|
| <b>Segment Revenue</b>                              | 4789.58<br>(4401.32)   | 6548.54<br>(5198.78)    | 1498.84<br>(1346.02)   | 48.24 (32.38)          | <b>12885.20</b><br><b>(10978.50)</b>    |
| <b>Segment Results</b>                              | 210.75<br>(246.37)     | 2052.99<br>(1638.63)    | 1452.51<br>(1302.00)   | -1079.09<br>(-935.03)  | <b>2637.16</b><br><b>(2251.97)</b>      |
| <b>Total carrying amount of Segment Assets</b>      | 79453.48<br>(71728.35) | 117963.35<br>(94696.77) | 14193.79<br>(13226.02) | 1559.82<br>(2,424.07)  | <b>213170.44</b><br><b>(1,82075.21)</b> |
| <b>Total carrying amount of Segment Liabilities</b> | 80271.76<br>(76190.61) | 108422.67<br>(84520.54) | 228.94<br>(291.17)     | 24247.07<br>(21072.89) | <b>213170.44</b><br><b>(1,82075.21)</b> |
| <b>Other Items:</b>                                 |                        |                         |                        |                        |   |

|   |                  |                   |                 |                    |                                  |
|---|------------------|-------------------|-----------------|--------------------|----------------------------------|
| <b>Cost to acquire Segment Assets during the year</b> | 0.00<br>(0.00)   | 0.00<br>(0.00)    | 0.00<br>(0.00)  | 18.16<br>(18.16)   | <b>18.16</b><br><b>(18.16)</b>   |
| <b>Amortization &amp; Depreciation</b>                | 0.00<br>(0.00)   | 0.00<br>(0.00)    | 0.00<br>(0.00)  | 19.82<br>(21.22)   | <b>19.82</b><br><b>(21.22)</b>   |
| <b>Non Cash Expenses</b>                              | 87.06<br>(15.13) | 68.78<br>(129.62) | 0.04<br>(-0.80) | 232.87<br>(129.34) | <b>388.74</b><br><b>(273.29)</b> |

(c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

29. Figures in brackets pertain to previous year.

30. Previous year's figures have been regrouped / rearranged wherever necessary.

**SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2012**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation**

- 1.1 The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by the National Bank for Agriculture and Rural Development (NABARD / the Bank) and are consistent with those used in the previous year.
- 1.2 Preparation of financial statements as per Generally Accepted Accounting Practices (GAAP) requires the management to make several assumptions and estimates that affect reported results and the reported state of affairs of the Bank; the example of such cases include the estimated life of fixed assets, liability on account of employee retirement benefits, provision for anticipated losses, etc. Actual results could differ from such estimates. Such differences are recognized in the year of outcome of such results.

**2. Income and expenditure**

- 2.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:
- a. Interest on non-performing assets identified as per RBI guidelines.
  - b. Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
  - c. Service Charges on loans given out of Micro Finance Development and Equity Fund, Watershed Development Fund.
  - d. Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.
- 2.2 Issue expenses relating to floatation of bonds are recognised as expenditure in the year of issue of Bonds.
- 2.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

**3. Fixed Assets and Depreciation**

- 3.1 Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing asset is capitalized, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

- 3.2 Land includes free hold and leasehold land.
- 3.3 Premises include value of land, where segregated values are not readily available.
- 3.4 Depreciation on premises situated on free hold land is charged at 10% p.a., on written down value basis.
- 3.5 Depreciation on leasehold land and premises situated thereon is computed and charged at 5% on written down value basis or the amount derived by amortising the premium/cost over the remaining period of lease hold land, on straight-line basis, whichever is higher.
- 3.6 The Bank has revised the Capitalisation Policy with effect from 01 April 2011. As per the revised policy, Fixed Assets costing ₹1 lakh and less (except easily portable electronic assets such as laptops, mobile phones, etc. costing more than ₹10,000/-) are charged to the Profit & Loss Account in the year of acquisition. The valuable but easily portable electronic assets such as laptops, mobile phones, etc., shall be capitalised, if individual cost of the items is more than ₹10,000/-. All software costing above ₹1 lakh each, whether purchased independently or with hardware and operating system software, is capitalised.
- 3.7 Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

| Type of Assets         | Depreciation Rate w e f 01 April 2011 |
|------------------------|---------------------------------------|
| Furniture and Fixtures | 20%                                   |
| Computer Installations | 33.33%                                |
| Office Equipments      | 20%                                   |
| Vehicles               | 20%                                   |

Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged on assets sold during the year.

#### 4. Intangible Assets and Amortisation

Intangible assets are recognized /amortised, as per the criteria specified in AS 26 "Intangible Assets".

#### 5. Investments

- 5.1 In accordance with the RBI guidelines, Investments are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) categories (hereinafter called "categories").
- 5.2 Securities that are held principally for resale within 90 days from the date of purchase are classified as "HFT". Investments that the Bank intends to hold till maturity are classified as "HTM". Securities which are not to be classified in the above categories are classified as "AFS".
- 5.3 Investments categorized under "HTM" are carried at cost and provision for depreciation/diminution/ amortisation, if any, in value of investments, is included under Current Liabilities and Provisions.

- 5.4 Provision for diminution, other than temporary, in the value of investments in subsidiaries under the category “HTM” is made, wherever necessary.
- 5.5 Profit on sale of investment categorized under “HTM” is recognized in Profit & Loss A/c and then transferred to Capital Reserve A/c. Loss on sale of investment categorized under “HTM” is recognized in Profit & Loss A/c.
- 5.6 Investments under “AFS” and “HFT” are marked to market, scrip-wise, at the rate, declared by Primary Dealers Association of India (PDAI), jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA), at prescribed intervals. While only net depreciation, if any, is provided for investments in the category classified as “AFS”, depreciation / appreciation is recognised in the category for investments classified as “HFT”.
- 5.7 Treasury Bills are valued at carrying cost.
- 5.8 Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies is available, or at ₹1/- per share as per RBI guideline.
- 5.9 Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.
- 5.10 Broken period interest on debt investment is treated as a revenue item.
- 5.11 Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

## **6. Advances and Provisions thereon**

- 6.1 Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- 6.2 In case of restructuring/rescheduling of advances, the difference between the present value of future interest as per the original agreement and the present value of future interest as per the revised agreement is provided for.
- 6.3 Advances are stated net of provisions towards Non-performing Advances.

## **7. Foreign Currency Transactions**

- 7.1 Foreign currency borrowings are covered by hedging agreements and are marked to market at every reporting date, the resultant gain, if any, is ignored and loss, if any, is provided for. The liability towards foreign currency borrowings at the prevailing exchange rate on the reporting date is mentioned under the Balance sheet, as a contra entry.
- 7.2 Profit on cancellation of or renewal of currency SWAP agreement, if any, is accounted for, on the final settlement of agreement; however, loss on such transactions is provided at the market rates, as on the date of Balance Sheet.

## **8. Retirement Benefits**



- 8.1 The Bank has a Provident Fund Scheme managed by RBI. Contribution to the Fund is made on actual basis.
- 8.2 Provision for gratuity is made based on actuarial valuation, in respect of all employees including employees transferred from RBI. The amount of gratuity due from RBI, in respect of employees transferred from RBI, is accounted on cash basis.
- 8.3 Employer's contribution to Provident Fund relating to the pension optees (part of Pension Fund) is maintained with RBI.
- 8.4 Provision for Encashment of Ordinary Leave is made on the basis of actuarial valuation.

## **9. Taxes on Income**

- 9.1 Tax on income for the current period is determined on the basis of taxable income and tax credits computed, in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- 9.2 Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified, using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- 9.3 Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- 9.4 Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- 9.5 Provision for Wealth Tax is made, in accordance with the provisions of Wealth Tax Act, 1956.

## **10. Segment Reporting**

- 10.1 Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- 10.2 Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- 10.3 Income, which relates to Bank as a whole and not allocable to segments is included under "Other unallocable bank income".
- 10.4 Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities include those that relate to the Bank as a whole and not allocable to any segment.

## **11. Impairment of Assets**

- 11.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

**a) the provision for impairment loss, if any, required; or**  
**b) the reversal, if any, required for impairment loss recognized in the previous periods.**

11.2 Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

**12 Provisions, Contingent Liabilities and Contingent Assets**

12.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

- a) the Bank has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

12.2 Reimbursement, expected in respect of expenditure, which require a provision, is recognised only when it is virtually certain that the reimbursement will be received.

12.3 Contingent liability is disclosed in the case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- b) a present obligation when no reliable estimate is possible, and
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

12.5 Contingent assets are neither recognized, nor disclosed.

12.6 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

12.7 Change in accounting policy: There was a change in accounting policy during the year in case of capitalization of fixed assets. The details are indicated in para 3.6 and 3.7 of part-A of this schedule

**SIGNIFICANT NOTES TO THE ACCOUNTS**

1. In terms of TAWA Command Area Development Project Agreement, the "Interest Differential Fund" is to be utilized for certain specified purposes.
2. In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF).
3. In terms of the agreement with KfW, accretion/income and certain expenditure under UPNRM have been charged to the fund. The loans granted out of the fund have been adjusted with direct loans.
4. Income under the head 'Income from Investment Operations / Deposits' includes 'Discount and Commission'.

5. Subvention received/receivable from GOI amounting to ₹1475.52 crores (₹989.34crores), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges and shown as accrued interest.
6. Other receipts includes ₹78.49 crores (₹54.49 crores) received/receivable from GoI towards administration charges on providing refinance under interest subvention scheme to SCBs and RRBs, for financing Seasonal Agricultural Operations.
7. Government of India advised the bank that the short term loans extended by the Long Term Co-operative Credit Structure (LTCCS) are not covered under the interest subvention scheme. Accordingly, the bank had refunded a sum of ₹11.80 crores to the Central Government in May, 2012. As this amount has been identified for refund at the time of audit, the same has been fully provided for, while accounting the results for the financial year 2011-12.
8. An amount of ₹4.29 crores chargeable as penal interest on account of default in repayment by MPSCARDB has been waived during the year.
9. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for Business segments:

(₹ in crores)

| Particulars  | Face Value           | Book Value           |
|--|----------------------|----------------------|
| Pledged for Business Segment (Securities)                                      | 35.00 (55.00)        | 34.08 (54.81)        |
| Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) | 2071.00<br>(2257.00) | 2044.06<br>(2208.63) |

10. Interest at the rate of 6.00% (6.00%) per annum on unutilised balances of RIF, Watershed Development Fund, KfW NB IGWDP–(Andhra Pradesh, Gujarat, Maharashtra and Rajasthan) and KfW NB IX Adivasi Development Programme has been credited to respective funds based on respective agreements. Further, interest at the rate of 6.57% (8.80%) per annum on unutilised balances of Micro Finance Development and Equity Fund, Cattle Development Programme (Uttar Pradesh & Bihar), and Multi Activity Approach for Poverty Alleviation (MAPA) BAIF– (Sultanpur and Rae Bareli), Financial Inclusion Fund and Financial Inclusion Technology Fund has been credited to the respective funds. The said interest is calculated based on the mid-month average outstanding of the respective funds.
11. The expenditure recoverable from Government of India / international agencies as per Schedule-14 of balance sheet amounting to ₹28.76 crores includes debit balance of various funds viz. IGWDP Maharashtra (₹7.25 crores), IGWDP Gujarat (₹0.88 crores), IGWDP Rajasthan (₹2.96 crores), IGWDP Andhra Pradesh (₹5.85 crores), IFAD Priyadarshini (₹1.72 crores), Revival Reform Restructuring of Handloom package (₹10.00 crores), NE council fund for miscellaneous training (₹0.10 crores) which were shown as debit balances in Schedule-4 in the respective funds in the previous year.
12. The Provision for Pension is made after considering the employer's contribution to PF maintained with RBI as per the records available with the Bank as on 31 March 2012.
13. The Bank, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss account the difference of ₹162.00 crores between net

deferred tax assets of ₹71.15 crores and ₹233.15 crores as at 31 March 2012 and 31 March 2011 respectively, as detailed below:

(₹ in crores)

| Sr. No. | Deferred Tax Assets   | 31 March 2012 | 31 March 2011 |
|---------|---|---------------|---------------|
| 1       | Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis | 49.65         | 181.18        |
| 2       | Depreciation on Fixed Assets  | 21.50         | 21.77         |
| 3       | Amortisation of G Sec   | 0.00          | 30.20         |
|         | <b>Total</b>  | <b>71.15</b>  | <b>233.15</b> |

14. Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.
15. 'Land' and 'Premises' include ₹34.77 crores (₹29.88 crores) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
16. Pursuant to the directives of RBI, the project loans provided to SCARDBs by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
- classified as Investments and shown in Schedule – 11 under the head 'Debenture and Bonds'.
  - Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'deemed advances'.
  - Deemed Advances for the purpose of IRAC norms, capital adequacy and computation of ratios etc.
  - The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to NIL (₹238.15 crores)
17. The bank with effect from 2 September 2011, has decided to provide financial support to SCARDBs in the form of refinance loans, instead of subscribing to the Special Development Debentures floated by them.
18. The tax liability of the bank for the Assessment Year 2002-03 amounting to ₹373.15 crores was assessed by the Income Tax department and fully paid by the bank. However, the bank has filed an appeal against the taxability of NABARD for the AY 2002-03 with Income Tax Appellate Tribunal.
19. The net impact due to change in accounting policy as per para 12.6 of part-A of the schedule was as under:
- 19.1 Net Effect on Revenue A/c due to change in Capitalisation Policy

(₹ in crores)

|              | Amount that would have been charged to Revenue A/c as per Previous Capitalisation Policy (Depreciation on items under Computer Installations, F&F & Other CIOE which would have been capitalised, and cost of Software) | Amount taken to Revenue A/c as per New Capitalisation Policy (Cost of items under Computer Installations, F&F & Other CIOE which are charged to Revenue A/c, and Depreciation on Software which is capitalised) | Net Effect in Revenue A/c due to change in Policy |
|--------------|---|---|---|
| Computer     | 0.97  | 2.92  | 1.95  |
| F&F          | 0.19  | 0.93  | 0.74  |
| Other CIOE   | 0.35  | 1.73  | 1.38  |
| Software     | 5.61  | 1.87  | -3.74   |
| <b>Total</b> | <b>7.12</b>   | <b>7.45</b>   | <b>0.33</b>                                       |

## 19.2 Impact due to change in Depreciation rate:

An amount of ₹0.22 crores was additionally charged as depreciation in the current year for assets purchased in earlier years (2009-10 and 2010-11) for items under Computer and Communication devices and electrical installations, due to change in Depreciation rate.

20. The salaries and allowances for the year amounting to ₹442.63 crores was arrived at after deduction of excess provision of ₹5.33 crores towards salary arrears.

## 21. Disclosure required under AS 15 (Revised) on "Employee Benefits" is as under:

### 21.1 Defined Benefit Plans

Employees Retirement Benefit plans of the bank include Pension, Gratuity and Leave Encashment, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹. in crores)

| Particulars  | Pension           | Gratuity        | Leave Encashment |
|--|-------------------|-----------------|------------------|
| Present value of defined benefit obligation at the beginning of year | 1223.03 (958.76)  | 242.57 (221.20) | 144.88 (117.63)  |
| Current Service Cost   | 33.42 (22.76)     | 17.53 (16.90)   | 3.77 (6.54)      |
| Interest Cost  | 100.90 (79.10)    | 20.01 (18.25)   | 11.95 (9.70)     |
| Actuarial gain/ loss   | 283.32 (207.42)   | -8.61 ( 8.16)   | 4.42 (17.67)     |
| Benefits paid  | -83.80 ( -45.01)  | -31.82 (-21.94) | -11.99 (-6.66)   |
| Present value of defined benefits obligations at the year end        | 1556.87 (1223.03) | 239.68 (242.57) | 153.03 (144.88)  |

b. Amount recognized in the Balance Sheet as on 31 March 2012:

(₹ in crores)

| Particulars  | Pension<br>(Partly Funded) | Gratuity<br>(funded) | Leave Encashment<br>(Funded) |
|--|----------------------------|----------------------|------------------------------|
| Present value of defined benefits obligations as at the year end | 1556.87 (1223.03)          | 239.68 (242.57)      | 153.03 (144.88)              |
| Fair value of plan assets as at the year end                     | 1311.25 (288.11) @         | 260.82 (227.85)      | 137.14 (143.66) §            |
| Liability recognized in the Balance sheet as at the year end     | 245.63 (934.92)            | -21.14* (14.72)      | 15.89 ( 1.22)                |

@ Includes the Bank's contribution of ₹363.79 crores (₹288.11 crores) towards PF for pension optees available with RBI.

§ Represents the amount invested with Insurance companies towards the liability for Leave Encashment.

\* Negative amount is shown as other assets under Schedule-14

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | Pension            | Gratuity           | Leave Encashment   |
|--|--------------------|--------------------|--------------------|
| Current Service Cost                                 | 33.42<br>(22.76)   | 17.53<br>(16.90)   | 3.77<br>(6.54)     |
| Interest Cost  | 100.90<br>(79.10)  | 20.01<br>(18.25)   | 11.95<br>(9.70)    |
| Net Actuarial gain/ loss                             | 220.54<br>(172.83) | -8.65<br>(8.16)    | 12.12<br>(17.67)   |
| Expected return on Plan Assets                       | -37.10<br>(0.00)   | -21.62<br>(-16.92) | -13.17<br>(-12.26) |
| Expense recognized in the statement of Profit & Loss | 317.76<br>(274.69) | 7.27<br>(26.39)    | 14.67<br>(21.65)   |

d. Actuarial assumptions:

| Particulars               | Pension            | Gratuity           | Leave Encashment   |
|---------------------------|--------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 1994-96 (Ultimate) | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.75% (8.25%)      | 8.75% (8.25%)      | 8.75% (8.25%)      |
| Salary growth (per annum) | 5.50% (4.00%)      | 5.50% (7.00%)      | 5.50% (7.00%)      |
| Withdrawal rate           | 1.00% (1.00%)      | 1.00% (1.00%)      | 1.00% (1.00%)      |

21.2 The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

21.3 The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

21.4 The above information is certified by the actuary and the provision for pension is recognized in the profit and loss account after considering the outstanding balance of the Bank's contribution to the Provident Fund of pension optees.

21.5 The income of ₹22.78 crores recognized during the year 2011-12 on investments earmarked towards leave encashment includes the overall impact for the financial years 2010-11 and 2011-12.

21.6 **Defined Contribution Plan:**

The bank contributes a defined sum of 10% on the basic salary for both pension optees and non pension optees every month towards Provident Fund. The contribution made for the pension optees forms part of the plan assets of pension scheme. The total contribution charged to Profit and Loss account during the year is ₹12.68 crores (₹11.87 crores)

22. During the year 2011-12 the bank has created NABARD Pension Fund Trust and transferred a sum of ₹934.44 crores being the provisions for pension held in the books of the bank as on 31 March 2011 to the Trust.

23. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.

24. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(₹ in crores)

| Particulars              | 2011-12 | 2010-11 |
|--------------------------|---------|---------|
| Opening Balance          | 0.00    | 3.37    |
| Addition during the year | 0.24    | 0.00    |
| Deletion during the year | 0.00    | 3.37    |
| Closing Balance          | 0.24    | 0.00    |

25. Prior period items included in the Profit and Loss account are as follows:

(₹ in crores)

| Sr. No.      | Particulars         | 2011-12     | 2010-11      |
|--------------|---------------------|-------------|--------------|
| 1            | Depreciation        | 0.00        | 2.895        |
| 2.           | Revenue Expenditure | 5.27        | 0.00         |
| <b>Total</b> |                     | <b>5.27</b> | <b>2.895</b> |

26. Capital adequacy ratio of the Bank as on 31 March 2012 was 20.55% (21.76%) as against a minimum of 9% as stipulated by RBI.

27. Investments in Mutual Funds are as under:

(₹ in crores)

| S.No | Name of the Mutual Fund | As at 31 March 2012 |            |              | As at 31 March 2011 |            |              |
|------|-------------------------|---------------------|------------|--------------|---------------------|------------|--------------|
|      |                         | No. of units        | Book Value | Market Value | No. of units        | Book Value | Market Value |
| 1    | Kotak Mahindra          | 0                   | 0          | 0            | 31178095.5170       | 50.01      | 50.01        |
| 2    | ICICI Prudential        | 0                   | 0          | 0            | 2069242.3680        | 30.01      | 30.01        |
| 3    | Canara Robeco           | 0                   | 0          | 0            | 25172008.7263       | 30.01      | 30.01        |
| 4    | IDFC                    | 0                   | 0          | 0            | 25159975.5110       | 30.01      | 30.01        |

|    |                  |   |          |          |               |               |               |
|----|------------------|---|----------|----------|---------------|---------------|---------------|
| 5  | UTI–Money Market | 0 | 0        | 0        | 310661.2930   | 50.01         | 50.01         |
| 6  | Tata             | 0 | 0        | 0        | 276239.8430   | 50.01         | 50.01         |
| 7  | DWS              | 0 | 0        | 0        | 2356602.6900  | 30.01         | 30.01         |
| 8  | SBI              | 0 | 0        | 0        | 19254837.7780 | 30.01         | 30.01         |
| 9  | IDBI             | 0 | 0        | 0        | 285224.8670   | 30.01         | 30.01         |
| 10 | Peerless         | 0 | 0        | 0        | 28065186.0720 | 30.01         | 30.01         |
| 11 | Taurus           | 0 | 0        | 0        | 284381.6460   | 30.01         | 30.01         |
|    |                  |   | <b>0</b> | <b>0</b> |               | <b>390.11</b> | <b>390.11</b> |

28. As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act 2006.

29. The following additional information is disclosed in terms of RBI circular No.RBI/2011–12/68 DBOD.No.FID.FIC.2/01.02.00/2011–12 dated 01 July 2011.

### 29.1 Capital

#### (a) Capital to Risk–weighted Assets Ratio (CRAR)

(Percent)

| Particulars        | 31 March 2012 | 31 March 2011 |
|--------------------|---------------|---------------|
| CRAR               | 20.55         | 21.76         |
| Core CRAR          | 19.42         | 20.43         |
| Supplementary CRAR | 1.13          | 1.33          |

#### (b) Subordinated Debt

(₹ in crores)

| Particulars   | 31 March 2012 | 31 March 2011 |
|---|---------------|---------------|
| Amount of subordinated debt raised and outstanding as Tier II Capital | Nil           | Nil           |

#### (c) Risk weighted assets

(₹ in crores)

| Particulars               | 31 March 2012 | 31 March 2011 |
|---------------------------|---------------|---------------|
| On – Balance Sheet Items  | 80736.44      | 63515.55      |
| Off – Balance Sheet Items | 19.44         | 20.30         |

(d) **Pattern of Capital contribution as on the date of the Balance Sheet:** NABARD has received an amount of ₹1000 crores from Government of India vide their letter no. F.No.20/16/2010-AC dated 30 March 2012 towards Share Capital. Consequent to this the shareholding of Government of India and RBI in the Paid up capital of NABARD as on 31 March 2012 was at 99.33% : 0.67% as per details given below.

(₹ in crores)

| Contributor           | 31 March 2012  |                | 31 March 2011   |                |
|-----------------------|----------------|----------------|-----------------|----------------|
| Reserve Bank of India | 20.00          | 0.67%          | 20.00           | 1.00%          |
| Government of India   | 2,980.00       | 99.33%         | 1,980.00        | 99.00%         |
| <b>Total</b>          | <b>3000.00</b> | <b>100.00%</b> | <b>2,000.00</b> | <b>100.00%</b> |



## 29.2 Asset Quality and Credit Concentration

### (a) Net NPA position

| Particulars                                    | 31 March 2012 | 31 March 2011 |
|--|---------------|---------------|
| Percentage of Net NPAs to Net Loans & Advances | 0.02249       | 0.02136       |

### (b) Asset classification

(₹ in crores)

| Classification | 2011-12          |                | 2010-11          |                |
|----------------|------------------|----------------|------------------|----------------|
|                | Amount           | (%)            | Amount           | (%)            |
| Standard       | 165174.11        | 99.945         | 139459.40        | 99.950         |
| Sub-standard   | 22.19            | 0.013          | 0.00             | 0.000          |
| Doubtful       | 68.21            | 0.041          | 68.13            | 0.049          |
| Loss           | 1.02             | 0.001          | 1.02             | 0.001          |
| <b>Total</b>   | <b>165265.53</b> | <b>100.000</b> | <b>139528.56</b> | <b>100.000</b> |

### (c) Provisions made during the year

(₹ in crores)

| Provisions against    | 2011-12       | 2010-11       |
|-----------------------|---------------|---------------|
| Standard Assets       | 78.74         | 0.00          |
| Non Performing Assets | 14.87         | 32.90         |
| Investments (Net)     | 30.44         | 1.93          |
| Income Tax            | 455.00        | 460.00        |
| <b>Total</b>          | <b>579.05</b> | <b>494.83</b> |

### (d) Movement in Net NPAs

(₹ in crores)

| Particulars                                  | 2011-12      | 2010-11      |
|--|--------------|--------------|
| (A) Net NPAs as at beginning of the year     | 29.83        | 32.72        |
| (B) Add: Additions during the year           | 7.32         | 19.44        |
| <b>(C) Sub-total (A+B)</b>                   | <b>37.15</b> | <b>52.16</b> |
| (D) Less: Reductions during the year         | 0.00         | 22.33        |
| (E) Net NPAs as at the end of the year (C-D) | 37.15        | 29.83        |

Note: Net NPA includes ₹ 0.07 crores (₹0.04 crores) relating to staff advances.

### (e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

|     | Category                                  | 2011-12                 |              | 2010-11                 |              |
|-----|---|-------------------------|--------------|-------------------------|--------------|
|     |   | Credit Exposure as % to |              | Credit Exposure as % to |              |
|     |   | Capital Funds           | Total Assets | Capital Funds           | Total Assets |
| I   | Largest Single Borrower                   | 91.60                   | 8.35         | 128.67                  | 11.08        |
| II  | Largest Borrower Group                    | Not Applicable          |              | Not Applicable          |              |
| III | Ten Largest Single Borrowers for the year | 331.83                  | 30.24        | 378.64                  | 32.59        |
| IV  | Ten Largest Borrower Groups               | Not Applicable          |              | Not Applicable          |              |

- (f) **Credit exposure to the five largest industrial sectors as percentage to total loan assets:** Not Applicable

### 29.3 Liquidity

Maturity pattern of Rupee Assets and Liabilities and Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crores)

| Sr. No | Item                         | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 years upto 5 years | More than 5 years upto 7 years | More than 7 years      | Total #                  |
|--------|------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|------------------------|--------------------------|
| 1      | Rupee Assets                 | 82177.97<br>(68088.65)       | 45084.24<br>(40360.96)        | 34177.67<br>(31910.59)         | 15242.53<br>(13478.17)         | 4660.17<br>(4410.44)   | 181342.58<br>(158248.82) |
| 2      | Foreign currency assets      | 0.00<br>(0.00)               | 0.00<br>(0.00)                | 0.00<br>(0.00)                 | 0.00<br>(0.00)                 | 0.00<br>(0.00)         | 0.00<br>(0.00)           |
|        | <b>Total Assets</b>          | 82177.97<br>(68088.65)       | 45084.24<br>(40360.96)        | 34177.67<br>(31910.59)         | 15242.53<br>(13478.17)         | 4660.17<br>(4410.44)   | 181342.58<br>(158248.82) |
| 3      | Rupee Liabilities            | 29159.71<br>(36715.00)       | 57562.03<br>(39438.72)        | 32583.53<br>(29124.49)         | 25013.99<br>(18524.70)         | 36520.54<br>(33943.27) | 180839.80<br>(157746.17) |
| 4      | Foreign currency liabilities | 39.88<br>(39.92)             | 79.77<br>(79.75)              | 79.77<br>(79.74)               | 34.78<br>(64.82)               | 268.58<br>(238.42)     | 502.78<br>(502.64)       |
|        | <b>Total Liabilities</b>     | 29199.59<br>(36754.92)       | 57641.80<br>(39518.47)        | 32663.30<br>(29204.23)         | 25048.77<br>(18589.52)         | 36789.12<br>(34181.69) | 181342.58<br>(158248.81) |

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹732.63 (₹623.45 crores)

### 29.4 Operating results

|     | Particulars  | 2011-12 | 2010-11 |
|-----|--|---------|---------|
| (a) | Interest income as a percentage to average working funds     | 6.53    | 6.22    |
| (b) | Non interest income as a percentage to average working funds | 0.07    | 0.10    |
| (c) | Operating profit as a percentage to average working funds    | 1.44    | 1.25    |
| (d) | Return on average Assets (%)                                 | 0.98    | 0.88    |
| (e) | Net Profit per Employee (Rs. in crores)                      | 0.36    | 0.27    |

### 29.5 Movement in the provisions

- (a) **Provision for Non Performing Assets (Loan Assets)**

(₹ in crores)

| Particulars   | 2011-12 | 2010-11 |
|---|---------|---------|
| Opening balance as at the beginning of financial year | 39.39   | 32.00   |
| Add: Provision made during the year                   | 14.87   | 23.73   |
| Less: Write off, write back of excess provision       | 0.00    | 16.34   |
| Closing balance at the close of financial year        | 54.26   | 39.39   |

**(b) Provision for depreciation in investments**

(₹ in crores)

|   |      | Particulars  | 2011-12 | 2010-11 |
|---|------|--|---------|---------|
| A |      | Opening balance as at the beginning of the financial year                          | 3.37    | 1.44    |
| B | Add  |  |         |         |
|   | (i)  | Provisions made during the year  | 31.74   | 2.08    |
|   | (ii) | Appropriation, if any, from Investment Fluctuation Reserve Account during the year | 0.00    | 0.00    |
| C |      | Sub Total [A+B (i)+B (ii)]   | 35.11   | 3.52    |
| D | Less |  |         |         |
|   | (i)  | Write off / Write back of excess provision   | 1.30    | 0.15    |
|   | (ii) | Transfer, if any, to Investment Fluctuation Reserve Account                        | 0.00    | 0.00    |
|   |      | Sub Total [D]  | 1.30    | 0.15    |
| E |      | Closing balance as at the close of financial year (C-D)                            | 33.81   | 3.37    |

**29.6 Restructured accounts**

During the current financial year, five loan accounts outstanding to the extent of ₹788.25 crores (including loans to MPSCARDB-outstanding ₹770.60 crores) have been rescheduled. All the said five loans are classified as Standard Asset and an additional provision at the rate of 1.6% has been made on these assets as per RBI guidelines. As per IRAC norms provisions for ₹ 51.37 crores has been made during 2011-12 towards sacrifice in interest element on restructuring of MPSCARDB.

**29.7 Assets sold to securitisation company / reconstruction company : NIL (NIL)**

**29.8 Forward Rate Agreements and Interest Rate Swaps : NIL (NIL)**

**29.9 Interest Rate Derivatives : NIL (NIL)**

**29.10 Investments in Non Government Debt Securities : NIL (NIL)**

**29.11 Corporate Debt Restructuring (CDR)**

There are no loan accounts subjected to Corporate Debt Restructuring during the current year.

**29.12 Disclosure on risk exposure in Derivatives**

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 93.63 million Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year-end exchange rate stood at ₹632.33 crores and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹502.77 crores. The quantitative disclosure in this regard is as under:

(₹ in crores)

| Sr. No. | Particulars   | Currency Derivatives | Interest Rate Derivatives |
|---------|---|----------------------|---------------------------|
| 1       | Derivatives (Notional Principal amount)                                   |                      |                           |
|         | A) For Hedging  | 632.33<br>(592.10)   | NA                        |
|         | B) For Trading  | NA                   | NA                        |
| 2       | <b>Marked to Market Positions [1]</b>                                     |                      |                           |
|         | a) Asset (+)  | 129.55<br>(89.45)    | NA                        |
|         | b) Liability (-)  | (0.00)               | NA                        |
| 3       | <b>Credit Exposure [2]</b>  | 109.41               | NA                        |
| 4       | <b>Likely impact of one percentage change in interest rate (100*PV01)</b> |                      |                           |
|         | a) on hedging derivatives   | 8.70 <sup>@</sup>    | NA                        |
|         | b) on trading derivatives   | NA                   | NA                        |
| 5       | <b>Maximum and Minimum of 100*PV01 observed during the year</b>           |                      |                           |
|         | a) on hedging   | NA                   | NA                        |
|         | b) on trading   | NA                   | NA                        |

@ If MIBOR rate decrease by 100 bps across tenure MTM gain would be reduced by ₹8.70 crores

#### 29.13 Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)

#### 29.14 Related Party Transactions

As the Bank is state controlled enterprise within the meaning of AS-18 "Related Party Transactions", the details of the transactions with other state controlled enterprises are not given.

##### List of Related Parties:

Key Management Personnel:

1. Shri U. C. Sarangi – Ex-Chairman
2. Shri Rakesh Singh – Ex-Chairman
3. Dr. Prakash Bakshi – Chairman
4. Dr. K G Karmakar – Ex-Managing Director

(₹ in crores)

| Name of the Party  | Nature of Relationship                         | Nature of Transaction              | Amount of transaction during the year | Outstanding |
|--------------------|--|------------------------------------|---------------------------------------|-------------|
| Shri U. C. Sarangi | Key Management Personnel– Ex-Chairman          | Remuneration including perquisites | 0.082                                 | 0.00        |
| Shri Rakesh Singh  | Key Management Personnel– Ex-Chairman          | Remuneration including perquisites | 0.020                                 | 0.00        |
| Dr. Prakash Bakshi | Key Management Personnel– Chairman             | Remuneration including perquisites | 0.107                                 | 0.00        |
| Dr. K G Karmakar   | Key Management Personnel– Ex-Managing Director | Remuneration including perquisites | 0.119                                 | 0.00        |

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

#### 29.15 Issuer categories in respect of investments made

(₹ in crores)

| Sr. No. | Issuer   | Amount               | Investment made through private placement | 'Below investment grade' Securities held | 'Unrated' Securities held | 'Unlisted' Securities |
|---------|--|----------------------|---|--|---------------------------|-----------------------|
| (1)     | (2)  | (3)                  | (4)                                       | (5)                                      | (6)                       | (7)                   |
| 1       | PSUs   | 180.27<br>(80.34)    | 154.13<br>(79.13)                         | –  | 80.25<br>(19.13)          | 77.88<br>(79.13)      |
| 2       | Fis  | 123.00<br>(123.00)   | 123.00<br>(123.00)                        | –  | 48.00<br>(0.00)           | 48.00<br>(48.00)      |
| 3       | Banks  | 0.09<br>(0.00)       | –   | –  | 0.09<br>(0.00)            | –                     |
| 4       | Private Corporate                                | 216.00<br>(150.00)   | 216.00<br>(150.00)                        | –  | 16.00<br>(0.00)           | 16.00<br>(0.00)       |
| 5       | Subsidiaries/Joint ventures                      | 41.37<br>(23.80)     | 41.37<br>(23.80)                          | –  | 41.37<br>(23.80)          | 41.37<br>(23.80)      |
| 6       | Others (Net of Provision) including Mutual Funds | 3100.47<br>(2262.47) | 25.92<br>(10.35)                          | –  | 25.92<br>(10.35)          | 3100.47 (2262.47)     |
| 7       | Provision held towards depreciation              | 3.19<br>(3.37)       | –   | –  | 0.59<br>(0.00)            | 0.59<br>(3.37)        |
|         | Total  | 3658.01<br>(2636.24) | 560.42<br>(386.28)                        | 0.00<br>(0.00)                           | 211.04<br>(53.28)         | 3283.13<br>(2410.03)  |

#### 29.16 Non performing investments: NIL (NIL)

**29.17 Disclosure on Repo transactions: NIL (NIL)****29.18 Concentration of Deposits, Advances, Exposure and NPAs****(a) Concentration of Deposits**

(₹ in Crores)

|   | 2011-12  | 2010-11  |
|---|----------|----------|
| Total Deposits of twenty largest depositors                                       | 85859.17 | 73761.25 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 90.00%   | 89.00%   |

**(b) Concentration of Advances**

(₹ in Crores)

|  | 2011-12  | 2010-11  |
|--|----------|----------|
| Total Advances to twenty largest borrowers                                       | 86213.95 | 75077.75 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 52.24%   | 53.81%   |

**(c) Concentration of Exposure**

(₹ in Crores)

|   | 2011-12  | 2010-11  |
|---|----------|----------|
| Total Exposure to twenty largest borrowers/customers  | 87413.95 | 75077.75 |
| Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 50.88%   | 50.32%   |

**(d) Concentration of NPAs**

(₹ in Crores)

|   | 2011-12 | 2010-11 |
|---|---------|---------|
| Total Exposure to Top four NPA accounts | 57.40   | 50.71   |

**29.19 Sector-wise NPAs**

| S.No | Sector                                     | Percentage of NPAs to Total Advances in that sector |         |
|------|--|---|---------|
|      |  | 2011-12   | 2010-11 |
| 1    | Agriculture and allied activities          | 0.00  | 0.00    |
| 2    | Industry (Micro & Small, Medium and Large) | 72.35   | 54.46   |
| 3    | Services                                   | 0.00  | 0.00    |
| 4    | Personal Loans-Staff Loans                 | 0.06  | 0.02    |

**29.20 Movement of Gross NPAs**

(₹ in Crores)

| Particulars   | 2011-12 | 2010-11 |
|---|---------|---------|
| Gross NPAs as on 1 <sup>st</sup> April of particular year (Opening Balance) | 69.19   | 50.73   |

|   |       |       |
|---|-------|-------|
| Additions (Fresh NPAs) during the year  | 22.23 | 25.70 |
| Sub-total (A)   | 91.42 | 76.39 |
| Less:-  |       |       |
| (i) Upgradations  | 0.00  | 5.40  |
| (ii) Recoveries (excluding recoveries made from upgraded accounts)                | 0.00  | 1.84  |
| (iii) Write-offs  | 0.00  | 0.00  |
| Sub-total (B)   | 0.00  | 7.24  |
| Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B) | 91.42 | 69.19 |

**29.21 Overseas Assets, NPAs and Revenue:** NIL (NIL)

**29.22 Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms): NIL (NIL)

**29.23 Information on Business Segment**

**(a) Brief Background**

The Bank has recognized Primary segments as under:

- i) **Direct Finance:** Includes Loans given to state governments for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organisations for developmental activities.
- ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, Land Development Banks, State Coop. Banks, Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

**(b) Information on Primary Business Segment**

(₹ in crores)

|   | Direct Finance           | Refinance                | Treasury                 | Unallocated              | Total                                      |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--|
| <b>Segment Revenue</b>                                | 4,401.32<br>(4,085.61)   | 5,198.78<br>(4,086.49)   | 1,346.02<br>(943.24)     | 32.38 (86.68)            | <b>10978.50</b><br><b>(9,202.01)</b>       |
| <b>Segment Results</b>                                | 246.37<br>(268.69)       | 1,638.63<br>(1,567.59)   | 1302.00<br>(912.21)      | -935.03<br>(-924.63)     | <b>2251.97</b><br><b>(1,823.86)</b>        |
| <b>Total carrying amount of Segment Assets</b>        | 71,728.35<br>(66,409.32) | 94,696.77<br>(74,643.27) | 13,226.02<br>(15,316.71) | 2,424.07<br>(2,502.96)   | <b>1,82,075.21</b><br><b>(1,58,872.26)</b> |
| <b>Total carrying amount of Segment Liabilities</b>   | 76190.61<br>(68,908.87)  | 84520.54<br>(69,320.39)  | 291.17<br>(266.47)       | 21,072.89<br>(20,376.54) | <b>1,82,075.21</b><br><b>(1,58,872.26)</b> |
| <b>Other Items:</b>                                   |                          |                          |                          |                          |  |
| <b>Cost to acquire Segment Assets during the year</b> | 0.00<br>(0.00)           | 0.00<br>(0.00)           | 0.00<br>(0.00)           | 18.16<br>(18.22)         | <b>18.16</b><br><b>(18.22)</b>             |

|  |                  |                   |                  |                    |                                  |
|--|------------------|-------------------|------------------|--------------------|----------------------------------|
| <b>Amortization &amp; Depreciation</b> | 0.00<br>(0.00)   | 0.00<br>(0.00)    | 0.00<br>(0.00)   | 21.22<br>(22.58)   | <b>21.22</b><br><b>(22.58)</b>   |
| <b>Non Cash Expenses</b>               | 15.13<br>(32.90) | 129.62<br>(-0.08) | -0.80<br>(-0.05) | 129.34<br>(100.21) | <b>273.29</b><br><b>(132.98)</b> |

- (c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.
30. Figures in brackets pertain to previous year.
31. Previous year's figures have been regrouped / rearranged wherever necessary.



**SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED MARCH 31, 2011**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation**

- 1.1 The accounts are prepared on the historical cost convention and comply with all material aspects contained in the National Bank for Agriculture and Rural Development Act, 1981 and Regulations thereof, applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and regulatory norms prescribed by the Reserve Bank of India (RBI). Except otherwise mentioned, the accounting policies have been consistently applied by National Bank for Agriculture and Rural Development (NABARD / the Bank) and are consistent with those used in the previous year.
- 1.2 Preparation of financial statements as per Generally Accepted Accounting Policies (GAAP) requires the management to make several assumptions and estimates that affect reported results and the reported state of affairs of the Bank; the example of such cases include the estimated life of fixed assets, liability on account of employee retirement benefits, provision for anticipated losses, etc. Actual results could differ from such estimates. Such differences are recognized in the year of outcome of such results.

**2. Income and expenditure**

- 2.1 Income and expenditure are accounted on accrual basis except the following, which are accounted on cash basis:
- a. Interest on non-performing assets identified as per RBI guidelines.
  - b. Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
  - c. Service Charges on loans given out of Micro Finance Development and Equity Fund, Watershed Development Fund.
  - d. Expenses not exceeding ₹10,000 at each accounting unit under a single head of expenditure.
- 2.2 Issue expenses relating to floatation of bonds are recognised as expenditure in the year of issue of Bonds.
- 2.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

**3. Fixed Assets and Depreciation**

- 3.1 Fixed assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. The cost of assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Subsequent expenditure incurred on existing assets is capitalised only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.

- 3.2 Expenditure incurred on assets purchased for the value not exceeding ₹5,000 per unit is charged to Profit and Loss Account.
- 3.3 Land includes free hold and leasehold land.
- 3.4 Premises include value of land, where segregated values are not readily available.
- 3.5 Depreciation on premises situated on free hold land is charged @ 10% p.a, on written down value basis
- 3.6 Depreciation on leasehold land and premises situated thereon is computed and charged @5% on written down value basis or the amount derived by amortising the premium/cost over the remaining period of lease hold land, on straight–line basis, whichever is higher.
- 3.7 Depreciation on other fixed assets is charged over the estimated useful life of the assets ascertained by the management at the following rates on Straight Line Method basis:

| Type of Assets         | Depreciation Rate |
|------------------------|-------------------|
| Furniture and Fixtures | 20%               |
| Computer Installations | 32%               |
| Office Equipments      | 20%               |
| Vehicles               | 20%               |

Depreciation is charged for the full year, irrespective of the date of purchase of asset. No depreciation is charged on assets sold during the year.

#### 4. Intangible Assets and Amortisation

Intangible assets are recognized/amortised, as per the criteria specified in AS 26 “Intangible Assets”.

#### 5. Investments

- 5.1 In accordance with the RBI guidelines, Investments are classified into “Held for Trading” (HFT), “Available for Sale” (AFS) and “Held to Maturity” (HTM) categories (hereinafter called “categories”).
- 5.2 Securities that are held principally for resale within 90 days from the date of purchase are classified as “HFT”. Investments that the Bank intends to hold till maturity are classified as “HTM”. Securities which are not to be classified in the above categories are classified as “AFS”.
- 5.3 Investments categorized under “HTM” are carried at cost and provision for depreciation/diminution/amortisation, if any, in value of investments, is included under Current Liabilities and Provisions.
- 5.4 Provision for diminution, other than temporary, in the value of investments in subsidiaries under the category “HTM” is made, wherever necessary.

- 5.5 Profit on sale of investment categorized under “HTM” is recognized in Profit & Loss A/c and then transferred to Capital Reserve A/c. Loss on sale of investment categorized under “HTM” is recognized in Profit & Loss A/c.
- 5.6 Investments under “AFS” and “HFT” are marked to market scrip-wise at the rate declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivative Association of India (FIMMDA), at prescribed intervals. While only net depreciation, if any, is provided for investments in the category classified as “AFS”, depreciation / appreciation is recognised in the category for investments classified as “HFT”.
- 5.7 Treasury Bills are valued at carrying cost.
- 5.8 Unquoted Shares are valued at breakup value, if the latest Audited Accounts of the investee companies is available, or at ₹ 1/- per share as per RBI guideline.
- 5.9 Brokerage, commission, etc. paid at the time of acquisition, are charged to revenue.
- 5.10 Broken period interest on debt investment is treated as a revenue item.
- 5.11 Transfer of a security between the categories is accounted for, at lower of the acquisition cost/book value/market value on the date of transfer and depreciation, if any, on such transfer, is fully provided for.

## **6. Advances and Provisions thereon**

- 6.1 Advances are classified as per RBI guidelines. Provision for standard assets and non-performing assets is made in respect of identified advances, based on a periodic review and in conformity with the provisioning norms prescribed by RBI.
- 6.2 In case of restructuring/rescheduling of advances, the difference between the present value of future interest as per the original agreement and the present value of future interest as per the revised agreement is provided for, at the time of restructuring/ rescheduling.
- 6.3 Advances are stated net of provisions towards Non-performing Advances.

## **7. Foreign Currency Transactions**

- 7.1 Foreign currency borrowings, which are covered by hedging agreements, are marked to market at every reporting date, the resultant gain, if any, is ignored and loss, if any, is provided for. The liability towards foreign currency borrowings at the prevailing exchange rate on the reporting date is mentioned under the Balance sheet as a contra entry.
- 7.2 Profit on cancellation of or renewal of currency SWAP agreement, if any, is accounted for on the final settlement of agreement; however, loss on such transactions is provided at the market rates, as on the date of Balance Sheet.

## **8. Retirement Benefits**

- 8.1 The Bank has a Provident Fund Scheme managed by RBI. Contribution to the Fund is made on actual basis.

- 8.2 Provision for gratuity is made based on actuarial valuation, in respect of all employees including employees transferred from RBI. The amount of gratuity due from RBI, in respect of employees transferred from RBI, is accounted on cash basis.
- 8.3 Provision for Pension is made based on actuarial valuation.
- 8.4 Employer's contribution to Provident Fund relating to the pension optees (part of Pension Fund) is maintained with RBI.
- 8.5 Provision for Encashment of Ordinary Leave is made on the basis of actuarial valuation.

## **9. Taxes on Income**

- 9.1 Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961 and based on expected outcome of assessments/appeals.
- 9.2 Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income for the year and quantified using the tax rates and laws that have been enacted or substantively enacted, as on Balance Sheet date.
- 9.3 Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- 9.4 Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.
- 9.5 Provision for Wealth Tax is made in accordance with the provisions of Wealth Tax Act, 1956.

## **10. Segment Reporting**

- 10.1 Segment revenue includes interest and other income directly identifiable with / allocable to the segment.
- 10.2 Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Bank as a whole and not allocable to segments, are included under "Other Unallocable Expenditure".
- 10.3 Income, which relates to Bank as a whole and not allocable to segments is included under "Other unallocable bank income".
- 10.4 Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities include those that relate to the Bank as a whole and not allocable to any segment.

## **11. Impairment of Assets**

- 11.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) the provision for impairment loss, if any, required; or
- b) the reversal, if any, required for impairment loss recognized in the previous periods.

11.2 Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

## **12 Provisions, Contingent Liabilities and Contingent Assets**

12.1 Provisions are recognised for liabilities that can be measured only by using substantial degree of estimation if:

- a) the Bank has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of the obligation can be reliably estimated.

12.2 Reimbursement, expected in respect of expenditure, which require a provision, is recognised only when it is virtually certain that the reimbursement will be received.

12.3 Contingent liability is disclosed in the case of :

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- b) a present obligation when no reliable estimate is possible, and
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

12.4 Contingent assets are neither recognized, nor disclosed.

12.5 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## **SIGNIFICANT NOTES TO THE ACCOUNTS**

1. In terms of TAWA Command Area Development Project Agreement, the "Interest Differential Fund" is to be utilized for certain specified purposes.
2. In accordance with the Memorandum of Understanding entered into with the Swiss Agency for Development Cooperation, repayment of loan, service charges and other receipts made out of Rural Innovation Fund (RIF) are being credited to the Rural Promotion Fund (RPF).
3. In terms of the agreement with KfW, accretion/income and certain expenditure under UPNRM have been charged to the fund. The loans granted out of the fund have been adjusted with direct loans.
4. Income under the head 'Income from Investment Operations / Deposits' includes 'Discount and Commission', which was hitherto shown separately in the Profit and Loss A/c.
5. Subvention received/receivable from GOI amounting to ₹989.34 crores (₹794.67 crores), being the difference between the cost of borrowing by NABARD and the refinance rate, has been reduced from interest and financial charges.

6. Other receipts includes ₹54.49 crores (₹35.15 crores) received/receivable from Gol towards administration charges on providing refinance under interest subvention scheme to SCBs and RRBs, for financing Seasonal Agricultural Operations.

7. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for Business segments:

(₹ In crores)

| Particulars  | Face Value           | Book Value           |
|--|----------------------|----------------------|
| Pledged for Business Segment (Securities)                                      | 55.00 (50.00)        | 54.81 (49.76)        |
| Pledged for Business Segment (Collateralised Borrowing and Lending Obligation) | 2257.00<br>(1922.00) | 2208.63<br>(1933.87) |

8. Interest at the rate of 6.00% (6.00%) per annum on unutilised balances of RIF,RPF, Watershed Development Fund, KfW NB IGWDP–(Andhra Pradesh, Gujarat, Maharashtra and Rajasthan) and KfW NB IX Adivasi Development Programme has been credited to respective fund based on respective agreements. Further, interest at the rate of 8.80% (7.68%) per annum on unutilised balances of Micro Finance Development and Equity Fund, Cattle Development Programme (Uttar Pradesh & Bihar), LAB's Revolving Fund (Sultanpur & Rae Bareli) and MAPA BAIF– (Sultanpur and Rae Bareli), Financial Inclusion Fund and Financial Inclusion Technology Fund has been credited to the respective funds. The said interest is calculated based on the mid-month average outstanding of the respective funds, which was hitherto calculated on the closing balance of the respective funds.

9. Provision for Standard Assets which was hitherto provided at 0.50% on Direct Loans to State Governments and at 0.75% on Loans Guaranteed by State Government is now being provided as per the IRAC norms of RBI. The continuation of earlier methodology would have been resulted in an additional provision of ₹81.63 crores for the current year.

10. Pending receipt of confirmation of balance of Provident Fund Account in respect of employer's contribution as on March 31, 2011 maintained with RBI, provision for pension is made after considering the balance of PF maintained with RBI as per the records available with the Bank.

11. The Bank has, during the year, in accordance with AS 22 "Accounting for taxes on Income", recognized in the Profit and Loss account the difference of ₹84.65 crores between net deferred tax assets of ₹233.15 crores and ₹317.80 crores as at March 31, 2011 and March 31, 2010 respectively; as detailed below:

(₹in crores)

| Sr. No. | Deferred Tax Assets   | 31 March 2011 | 31 March 2010 |
|---------|---|---------------|---------------|
| 1       | Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis | 181.18        | 274.85        |
| 2       | Depreciation on Fixed Assets  | 21.77         | 22.35         |
| 3       | Amortisation of G Sec   | 30.20         | 20.60         |
|         | <b>Total</b>  | <b>233.15</b> | <b>317.80</b> |

12. Provision for Deferred Tax on account of Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961, is not considered necessary, as the Bank has decided not to withdraw the said reserve.

13. 'Land' and 'Premises' include ₹29.88 crores (₹33.82 crores) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
14. Pursuant to the directives of RBI, the project loans provided to SCARDBs by way of subscription to the Special Development Debentures (SDDs) floated by these agencies, are treated as under:
  - a. classified as Investments and shown in Schedule – 11 under the head 'Debenture and Bonds', which was hitherto shown as part of 'Medium Term and Long Term Project Loans', in Schedule – 12
  - b. Interest earned on the same is shown as a part of 'Interest received on Loans and Advances' in the Profit and Loss Account, treating them as 'deemed advances'.
  - c. Deemed Advances for the purpose of IRAC norms, Income recognition, capital adequacy and computation of ratios etc.
  - d. The value of Allotment Letters / Debenture Scrips, yet to be received, as at the year end, aggregates to ₹238.15 crores (₹30.12 crores)
15. The salary and allowances of the employees of the Bank has been revised with effect from 01 November 2007. Pursuant to the salary revision, an amount of ₹ 277.09 crores is reckoned towards arrears of salary of which ₹177.34 crores pertains to the period November 2007 to March 2010 and an additional amount of ₹216.09 crores has been reckoned towards superannuation benefits of the employees, on estimated basis.
16. The tax liability of the bank for the AY 2002-03 amounting to ₹ 373.15 crores was assessed by the Income Tax department and fully paid by the bank. However, the bank has filed appeal against the taxability of NABARD for the AY 2002-03 with Income Tax Appellate Tribunal.
17. The bank has created two new funds out of its post tax profit viz. 'Producers' Organizations Development Fund' and 'Rural Infrastructure Promotion Fund' with a corpus of ₹ 50 crores and ₹25 crores respectively during the year.
18. The Bank has transferred the outstanding balances of the following funds to Reserve Fund:
 

|   |                  |
|---|------------------|
| a. Foreign Currency Risk Fund                       | - ₹147.06 crores |
| b. Soft Loan Assistance Fund for Margin Money       | - ₹10 crores     |
| c. Agriculture and Rural Enterprise Incubation Fund | - ₹5 crores      |

**19. Disclosure required under AS 15 (Revised) on "Employee Benefits" is as under:**

**19.1 Defined Benefit Plans**

Employees Retirement Benefit plans of the bank include Pension, Gratuity and Leave Encashment, which are defined benefit plans. The present value of obligation is determined based on actuarial valuation using the Projected Unit Cost Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- a. Reconciliation of opening and closing balances of defined benefit obligations:

(₹. in crores)

| Particulars  | Pension         | Gratuity       | Leave Encashment |
|--|-----------------|----------------|------------------|
| Present value of defined benefit obligation at the beginning of year | 958.76(892.01)  | 221.20(250.53) | 117.63(115.51)   |
| Current Service Cost   | 22.76(20.65)    | 16.90 (15.27)  | 6.54(3.73)       |
| Interest Cost  | 79.10(66.90)    | 18.25 (18.79)  | 9.70(8.66)       |
| Actuarial (gain)/ loss   | 207.42 (-10.01) | 8.16(-25.60)   | 17.67(2.19)      |
| Benefits paid  | -45.01(-10.79)  | -21.94(-37.79) | -6.66(-12.47)    |
| Present value of defined benefits obligations at the year end        | 1223.03(958.76) | 242.57(221.20) | 144.88(117.63)   |

b. Amount recognized in the balance sheet as on 31 March 2011:

(₹ in crores)

| Particulars  | Pension (Partly Funded) | Gratuity (funded) | Leave Encashment (Funded) |
|--|-------------------------|-------------------|---------------------------|
| Present value of defined benefits obligations as at the year end | 1223.03(958.76)         | 242.57(221.20)    | 144.88(117.63)            |
| Fair value of plan assets as at the year end                     | 288.11(268.77) @        | 227.85(220.00)    | 143.66(127.55) \$         |
| Liability recognized in the Balance sheet as at the year end     | 934.92(689.99)          | 14.72(1.20)       | 1.22(-9.91)               |

@ Represents the Bank's contribution towards PF for pension optees available with RBI.

\$ Represents the amount invested with Insurance companies towards the Liability for Leave Encashment.

c. Expenses recognized in the Profit and Loss Account during the year:

(₹ in crores)

| Particulars  | Pension        | Gratuity     | Leave Encashment |
|--|----------------|--------------|------------------|
| Current Service Cost                                 | 22.76(20.65)   | 16.90(15.27) | 6.54(3.73)       |
| Interest Cost  | 79.10(66.90)   | 18.25(18.79) | 9.70(8.66)       |
| Actuarial (gain)/ loss                               | 172.83(-10.01) | 8.16(-25.60) | 17.67(2.19)      |
| Expected return on Plan Assets                       | -              | -16.92(0.00) | -12.26(-14.20)   |
| Expense recognized in the statement of Profit & Loss | 274.69(77.54)  | 26.39(8.46)  | 21.65(-0.38)     |

d. Actuarial assumptions:

| Particulars               | Pension            | Gratuity           | Leave Encashment   |
|---------------------------|--------------------|--------------------|--------------------|
| Mortality Table (LIC)     | 1994-96 (Ultimate) | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount rate (per annum) | 8.25%              | 8.25%              | 8.25%              |
| Salary growth (per annum) | 4%                 | 7%                 | 7%                 |
| Withdrawal rate           | 1%                 | 1%                 | 1%                 |



19.2 The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

19.3 The aforesaid liabilities include liabilities of employees deputed to subsidiaries.

19.4 The above information is certified by the actuary and the provision for pension is recognized in the profit and loss account after considering the outstanding balance of the Bank's contribution to the Provident Fund of pension optees.

19.5 **Defined Contribution Plan:**

The bank contributes a defined sum of 10% on the basic salary for both pension optees and non pension optees every month towards Provident Fund. The contribution made for the pension optees forms part of the plan assets of pension scheme. The total contribution charged to Profit and Loss account during the year is ₹11.87 crores (₹11.69 crores)

20. In the opinion of the Bank's management, there is no impairment to assets to which AS 28 – "Impairment of Assets" applies requiring any provision.

21. The movement in Contingent Liability as required in AS 29 "Provisions, Contingent Liabilities and Contingent Assets" is as under:

(₹ in crores)

| Particulars              | 2010-11 | 2009-10 |
|--------------------------|---------|---------|
| Opening Balance          | 3.37    | 3.37    |
| Addition during the year | 0.00    | 0.00    |
| Deletion during the year | 3.37    | 0.00    |
| Closing Balance          | 0.00    | 3.37    |

22. Prior period items included in the Profit and Loss account are as follows:

(₹ in crores)

| Sr. No. | Particulars  | 2010-11      | 2009-10      |
|---------|--------------|--------------|--------------|
| 1       | Depreciation | 2.895        | 4.038        |
|         | <b>Total</b> | <b>2.895</b> | <b>4.038</b> |

23. Capital adequacy ratio of the Bank as on 31 March 2011 is 21.76% (24.95%) as against a minimum of 9% as stipulated by RBI.

24. **NPA on staff loans:**

(₹ in crores)

| Particulars                  | 2010-11 | 2009-10 |
|------------------------------|---------|---------|
| Opening Balance              | 0.08    | 0.07    |
| Addition during the year     | 0.00    | 0.03    |
| Written Back during the year | 0.04    | 0.02    |
| Closing Balance              | 0.04    | 0.08    |

25. Investments in Mutual Funds are as under:

(₹ in crores)

| S.No. | Name of the Mutual Fund    | As at March 31, 2011 | As at March 31, 2010 |               |               |               |               |
|-------|----------------------------|----------------------|----------------------|---------------|---------------|---------------|---------------|
|       |                            | No. of units         | Book Value           | Market Value  | No. of units  | Book Value    | Market Value  |
| 1     | Kotak Mahindra             | 31178095.5170        | 50.01                | 50.01         | 44148228.8210 | 50.00         | 50.01         |
| 2     | ICICI Prudential           | 2069242.3680         | 30.01                | 30.01         | 2919994.9850  | 50.00         | 50.01         |
| 3     | Canara Robeco              | 25172008.7263        | 30.01                | 30.01         | 71988360.6304 | 100.00        | 100.05        |
| 4     | IDFC                       | 25159975.5110        | 30.01                | 30.01         | 45799983.5330 | 50.00         | 50.01         |
| 5     | UTI –Money Market          | 310661.2930          | 50.01                | 50.01         | 969829.4780   | 100.00        | 100.03        |
| 6     | Tata                       | 276239.8430          | 50.01                | 50.01         | 294404.7780   | 50.00         | 50.00         |
| 7     | DWS                        | 2356602.6900         | 30.01                | 30.01         | 0.0000        | 0.00          | 0.00          |
| 8     | SBI                        | 19254837.7780        | 30.01                | 30.01         | 0.0000        | 0.00          | 0.00          |
| 9     | IDBI                       | 285224.8670          | 30.01                | 30.01         | 0.0000        | 0.00          | 0.00          |
| 10    | Peerless                   | 28065186.0720        | 30.01                | 30.01         | 0.0000        | 0.00          | 0.00          |
| 11    | Taurus                     | 284381.6460          | 30.01                | 30.01         | 0.0000        | 0.00          | 0.00          |
| 12    | UTI- Treasury advantage    | 0.0000               | 0.00                 | 0.00          | 809238.4970   | 100.00        | 100.09        |
| 13    | Birla Sun life             | 0.0000               | 0.00                 | 0.00          | 28607635.3200 | 50.00         | 50.01         |
| 14    | Life Insurance Corporation | 0.0000               | 0.00                 | 0.00          | 80888127.7770 | 100.00        | 100.01        |
| 15    | Baroda Pioneer             | 0.0000               | 0.00                 | 0.00          | 96420619.9960 | 100.00        | 100.02        |
| 16    | PRINCIPAL                  | 0.0000               | 0.00                 | 0.00          | 34310340.1970 | 50.00         | 50.01         |
| 17    | Deutsche                   | 0.0000               | 0.00                 | 0.00          | 46191646.2350 | 50.00         | 50.01         |
| 18    | L&T                        | 0.0000               | 0.00                 | 0.00          | 33727478.7790 | 50.00         | 50.01         |
|       |                            |                      | <b>390.11</b>        | <b>390.11</b> |               | <b>900.00</b> | <b>900.27</b> |

26. As per the information available with the Bank, there are no dues payable under Micro, Small and Medium Enterprises Development Act 2006.

27. In terms of RBI circular No. DBOD.No.BP.BC.87/21.04.048/2010-11 dated 21 April 2011, the excess amount of ₹25.51 crores of provision held for achieving Provision Coverage Ratio as on 30 September 2010 has been transferred to “Countercyclical Provisioning buffer”.

28. Figures in brackets pertain to previous year.

29. The following additional information is disclosed in terms of RBI circulars No.RBI/2009–2010/49 (DBOD.FID.FIC.2/01.02.00/2010–11) dated 01July 2010.

## 29.1 Capital

### (a) Capital to Risk-weighted Assets Ratio (CRAR)

(Percent)

| Particulars        | 31 March 2011 | 31 March 2010 |
|--------------------|---------------|---------------|
| CRAR               | 21.76         | 24.95         |
| Core CRAR          | 20.43         | 23.47         |
| Supplementary CRAR | 1.33          | 1.48          |

### (b) Subordinated Debt

(₹ in crores)

| Particulars   | 31 March 2011 | 31 March 2010 |
|---|---------------|---------------|
| Amount of subordinated debt raised and outstanding as Tier II Capital | Nil           | Nil           |

### (c) Risk weighted assets

(₹ in crores)

| Particulars               | 31 March 2011 | 31 March 2010 |
|---------------------------|---------------|---------------|
| On – Balance Sheet Items  | 63515.55      | 49921.32      |
| Off – Balance Sheet Items | 20.30         | 25.18         |

### (d) Pattern of Capital contribution as on the date of the balance sheet

(₹ in crores)

| Contributor           | 31 March 2011 |        | 31 March 2010 |        |
|-----------------------|---------------|--------|---------------|--------|
| Reserve Bank of India | 20            | 1.00%  | 1,450         | 72.50% |
| Government of India   | 1,980         | 99.00% | 550           | 27.50% |
| <b>Total</b>          | <b>2,000</b>  |        | <b>2,000</b>  |        |

Note: Pursuant to notification No.F.No 11/16/2005-BOA dt 16.09.2010, issued by the Department of Financial Services, Ministry of Finance, Government of India, 71.50% of Share Capital of NABARD held by RBI has been transferred to Government of India.

## 29.2 Asset Quality and Credit Concentration [Excluding Staff Advances]

### (a) Net NPA position

| Particulars                                    | 31 March 2011 | 31 March 2010 |
|--|---------------|---------------|
| Percentage of Net NPAs to Net Loans & Advances | 0.02136       | 0.01559       |

### (b) Asset classification

(₹ in crores)

| Classification | 2010-11          |                | 2009-10          |                |
|----------------|------------------|----------------|------------------|----------------|
|                | Amount           | (%)            | Amount           | (%)            |
| Standard       | 139459.40        | 99.950         | 120487.10        | 99.958         |
| Sub-standard   | 0.00             | 0.000          | 6.71             | 0.006          |
| Doubtful       | 68.13            | 0.049          | 44.02            | 0.036          |
| Loss           | 1.02             | 0.001          | 0.00             | 0.000          |
| <b>Total</b>   | <b>139528.56</b> | <b>100.000</b> | <b>120537.13</b> | <b>100.000</b> |

(c) Provisions made during the year

(₹ in crores)

| Provisions against    | 2010-11       | 2009-10       |
|-----------------------|---------------|---------------|
| Standard Assets       | 0.00          | 101.50        |
| Non Performing Assets | 32.90         | 17.60         |
| Investments (Net)     | 1.93          | -0.68         |
| Income Tax            | 460.00        | 647.00        |
| <b>Total</b>          | <b>494.83</b> | <b>765.42</b> |

(d) Movement in Net NPAs

(₹ in crores)

| Particulars                                  | 2010-11      | 2009-10      |
|--|--------------|--------------|
| (A) Net NPAs as at beginning of the year     | 32.72        | 30.31        |
| (B) Add: Additions during the year           | 19.40        | 8.35         |
| <b>(C) Sub-total (A+B)</b>                   | <b>52.12</b> | <b>38.66</b> |
| (D) Less: Reductions during the year         | 22.32        | 5.93         |
| (E) Net NPAs as at the end of the year (C-D) | 29.80        | 32.72        |

(e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

|     | Category                                  | 2010-11                 |              | 2009-10                 |              |
|-----|---|-------------------------|--------------|-------------------------|--------------|
|     |   | Credit Exposure as % to |              | Credit Exposure as % to |              |
|     |   | Capital Funds           | Total Assets | Capital Funds           | Total Assets |
| I   | Largest Single Borrower                   | 128.67                  | 11.08        | 145.41                  | 13.57        |
| II  | Largest Borrower Group                    | Not Applicable          |              | Not Applicable          |              |
| III | Ten Largest Single Borrowers for the year | 378.64                  | 32.59        | 379.27                  | 35.40        |
| IV  | Ten Largest Borrower Groups               | Not Applicable          |              | Not Applicable          |              |

(f) Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

### 29.3 Liquidity

- (a) Maturity pattern of Rupee Assets and Liabilities  
(b) Maturity pattern of Foreign Currency Assets and Liabilities

(₹ in crores)

| Sr. No. | Item                    | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 years upto 5 years | More than 5 years upto 7 years | More than 7 years    | Total #                  |
|---------|-------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|----------------------|--------------------------|
| 1       | Rupee Assets            | 68088.65<br>(51280.08)       | 40360.96<br>(35053.14)        | 31910.59<br>(28992.26)         | 13478.17<br>(15363.61)         | 4410.44<br>(5007.03) | 158248.82<br>(135696.12) |
| 2       | Foreign currency assets | 0.00<br>(0.00)               | 0.00<br>(0.00)                | 0.00<br>(0.00)                 | 0.00<br>(0.00)                 | 0.00<br>(0.00)       | 0.00<br>(0.00)           |

|          |                                     |                        |                        |                        |                        |                        |                          |
|----------|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|
|          | <b>Total Assets</b>                 | 68088.65<br>(51280.08) | 40360.96<br>(35053.14) | 31910.59<br>(28992.26) | 13478.17<br>(15363.61) | 4410.44<br>(5007.03)   | 158248.82<br>(135696.12) |
| <b>3</b> | <b>Rupee Liabilities</b>            | 36715.00<br>(22607.89) | 39438.72<br>(35939.57) | 29124.49<br>(24755.17) | 18524.70<br>(18416.73) | 33943.27<br>(33482.22) | 157746.17<br>(135201.58) |
| <b>4</b> | <b>Foreign currency liabilities</b> | 39.92<br>(10.15)       | 79.75<br>(64.71)       | 79.74<br>(109.06)      | 64.82<br>(109.07)      | 238.42<br>(201.55)     | 502.64<br>(494.54)       |
|          | <b>Total Liabilities</b>            | 36754.92<br>(22618.04) | 39518.47<br>(36004.28) | 29204.23<br>(24864.23) | 18589.52<br>(18525.80) | 34181.69<br>(33683.77) | 158248.81<br>(135696.12) |

#Net of provision made as per RBI directives on Standard Assets as well as for diminution in value of Investments aggregating to ₹623.45 crores (₹596.01 crores)

#### 29.4 Operating results

|     | <b>Particulars</b>   | <b>2010-11</b> | <b>2009-10</b> |
|-----|--|----------------|----------------|
| (a) | Interest income as a percentage to average working funds     | 6.22           | 6.19           |
| (b) | Non interest income as a percentage to average working funds | 0.10           | 0.10           |
| (c) | Operating profit as a percentage to average working funds    | 1.25           | 1.80           |
| (d) | Return on average Assets (%)                                 | 0.88           | 1.23           |
| (e) | Net Profit per Employee (Rs. in crores)                      | 0.27           | 0.33           |

#### 29.5 Movement in the provisions

##### (a) Provision for Non Performing Assets (Loan Assets)

(₹ in crores)

| <b>Particulars</b> |   | <b>2010-11</b> | <b>2009-10</b> |
|--------------------|---|----------------|----------------|
|                    | Opening balance as at the beginning of financial year         | 31.96          | 14.40          |
|                    | Add: Provision made during the year (Incl. provision for PCR) | 23.73          | 18.64          |
|                    | Less: Write off, write back of excess provision               | 16.34          | 1.08           |
|                    | Closing balance at the close of financial year                | 39.35          | 31.96          |

##### (b) Provision for depreciation in investments

(₹ in crores)

|   |      | <b>Particulars</b>   | <b>2010-11</b> |            |
|---|------|--|----------------|------------|
| A |      | Opening balance as at the beginning of the financial year                          |                | 1.44(2.12) |
| B | Add  |  |                |            |
|   | (i)  | Provisions made during the year  | 2.08(0.00)     |            |
|   | (ii) | Appropriation, if any, from Investment Fluctuation Reserve Account during the year | 0.00 (0.00)    |            |
| C |      | Sub Total [A+B(i)+B (ii)]  |                | 3.52(2.12) |
| D | Less |  |                |            |
|   | (i)  | Write off, Write Backs of excess provision   | 0.15(0.68)     |            |
|   | (ii) | Transfer, if any, to Investment Fluctuation Reserve Account                        | 0.00(0.00)     |            |
|   |      | Sub Total [D]  |                | 0.15(0.68) |
| E |      | Closing balance as at the close of financial year (C-D)                            |                | 3.37(1.44) |

## 29.6 Restructured accounts

During the current financial year five loan accounts outstanding to the extent of ₹ 22.10 crores have been rescheduled. All the said five loans are classified as Standard Asset. There is no Interest sacrifice on these reschedulements.

The interest sacrifice on loans restructured during FY 2005–06 amounted to ₹31.08 crores. Interest sacrifice is reviewed at each balance sheet date and necessary provision is made or reversed. Accordingly, ₹0.08 crores (₹4.46 crores) was written back during the current financial year.

|       |  |             |
|-------|--|-------------|
| 29.7  | Assets sold to securitisation company / reconstruction company | : NIL (NIL) |
| 29.8  | Forward Rate Agreements and Interest Rate Swaps                | : NIL (NIL) |
| 29.9  | Interest Rate Derivatives                                      | : NIL (NIL) |
| 29.10 | Investments in Non Government Debt Securities                  | : NIL (NIL) |
| 29.11 | Corporate Debt Restructuring (CDR)                             |             |

There are no loan accounts subjected to Corporate Debt Restructuring during the current year.

## 29.12 Disclosure on risk exposure in Derivatives

The Bank does not trade in derivatives. However, it has hedged its liability towards borrowings from KfW Germany to the extent of 93.63 million Euro and interest thereon for the entire loan period. Consequent upon hedging of foreign currency borrowings the same is shown at contracted value as per the Swap agreement. The Bank does not have any open exposure in foreign currency.

The value of outstanding principal amount of hedge contract at the year–end exchange rate stood at ₹592.10 crores and the value of outstanding principal liability in the books of account stood at contracted value i.e. ₹502.64 crores. The quantitative disclosure in this regard is as under:

(₹ in crores)

| Sr. No. | Particulars   | Currency Derivatives | Interest Rate Derivatives |
|---------|---|----------------------|---------------------------|
| 1       | Derivatives (Notional Principal amount)                                   |                      |                           |
|         | A) For Hedging  | 592.10(563.66)       | NA                        |
|         | B) For Trading  | NA                   | NA                        |
| 2       | <b>Marked to Market Positions [1]</b>                                     |                      |                           |
|         | a) Asset (+)  | 89.45(69.12)         | NA                        |
|         | b) Liability (–)  | 0.00(0.00)           | NA                        |
| 3       | <b>Credit Exposure [2]</b>  | 121.25               | NA                        |
| 4       | <b>Likely impact of one percentage change in interest rate (100*PV01)</b> |                      |                           |
|         | a) on hedging derivatives   | 14.00@               | NA                        |

|   |   |    |    |
|---|---|----|----|
|   | b) on trading derivatives                                       | NA | NA |
| 5 | <b>Maximum and Minimum of 100*PV01 observed during the year</b> | NA | NA |
|   | a) on hedging   | NA | NA |
|   | b) on trading   | NA | NA |

@ If MIBOR rate decrease by 100 bps across tenure MTM gain would be reduced by ₹14 crores

**29.13 Exposures where the FI had exceeded prudential exposure limits during the year: NIL (NIL)**

**29.14 Related Party Transactions**

As the Bank is state controlled enterprise within the meaning of AS-18 “Related Party Transactions”, the details of the transactions with other state controlled enterprises are not given.

**List of Related Parties:**

Key Management Personnel:

5. Shri Umesh Chandra Sarangi – Ex-Chairman
2. Dr. K G Karmakar – Managing Director

(₹ in crores)

| Name of the Party | Nature of Relationship                     | Nature of Transaction              | Amount of transaction during the year | Outstanding |
|-------------------|--|------------------------------------|---------------------------------------|-------------|
| Shri U C Sarangi  | Key Management Personnel–Ex-Chairman       | Remuneration including perquisites | 0.18<br>(0.26)                        | -           |
| Dr. K G Karmakar  | Key Management Personnel–Managing Director | Remuneration including perquisites | 0.24<br>(0.30)                        | -           |

No amounts, in respect of the related parties have been written off/back, or provided for during the year.

Related party relationships have been identified by the management and relied upon by the auditors.

**29.15 Issuer categories in respect of investments made**

(₹ in crores)

| Sr. No. | Issuer | Amount           | Investment made through private placement | ‘Below investment grade’ Securities held | ‘Unrated’ Securities held | ‘Unlisted’ Securities |
|---------|--------|------------------|---|--|---------------------------|-----------------------|
| (1)     | (2)    | (3)              | (4)                                       | (5)                                      | (6)                       | (7)                   |
| 1       | PSUs   | 80.34<br>(60.00) | 79.13<br>(60.00)                          | –  | 19.13<br>(16.23)          | 79.13<br>(60.00)      |

|   |  |                              |                            |                        |                          |                              |
|---|--|------------------------------|----------------------------|------------------------|--------------------------|------------------------------|
| 2 | Fls  | 123.00<br>(48.00)            | 123.00<br>(48.00)          | –                      | –                        | 48.00<br>(48.00)             |
| 3 | Banks  | –                            | –                          | –                      | –                        | –                            |
| 4 | Private Corporate                                | 150.00<br>(0.00)             | 150.00<br>(0.00)           | –                      | –                        | –                            |
| 5 | Subsidiaries/Joint ventures                      | 23.80<br>(20.60)             | 23.80<br>(20.60)           | –                      | 23.80<br>(20.60)         | 23.80<br>(20.60)             |
| 6 | Others (Net of Provision) including Mutual Funds | 2262.47<br>(1663.96)         | 10.35<br>(21.23)           | –                      | 10.35<br>(21.23)         | 2262.47<br>(1663.96)         |
| 7 | Provision held towards depreciation              | 3.37<br>(1.44)               | –                          | –                      | –                        | 3.37<br>(1.44)               |
|   | <b>Total</b>                                     | <b>2636.24<br/>(1794.00)</b> | <b>386.28<br/>(149.83)</b> | <b>0.00<br/>(0.00)</b> | <b>53.28<br/>(41.83)</b> | <b>2410.03<br/>(1794.00)</b> |

**29.16 Non performing investments:** NIL (NIL)

**29.17 Disclosure on Repo transactions**

(₹ in crores)

| Particulars                             | Minimum outstanding during the year | Maximum outstanding during the year | Daily average outstanding during the year | Outstanding as on 31 March 2011 |
|---|-------------------------------------|-------------------------------------|---|---------------------------------|
| Securities sold under repo              | 0.00<br>(0.00)                      | 0.00<br>(0.00)                      | 0.00<br>(0.00)                            | 0.00<br>(0.00)                  |
| Securities purchased under reverse repo | 0.00<br>(476.02)                    | 0.00<br>(476.02)                    | 0.00<br>(1.30)                            | 0.00<br>(0.00)                  |

**29.18 Concentration of Deposits, Advances, Exposure and NPAs**

(e) Concentration of Deposits

(₹ in Crores)

|   |                    |
|---|--------------------|
| Total Deposits of twenty largest depositors                                       | 73671.25(57661.54) |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 89.00%(82.38%)     |

(f) Concentration of Advances

(₹ in Crores)

|  |                    |
|--|--------------------|
| Total Advances to twenty largest borrowers                                       | 75077.75(67384.61) |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 53.81%(55.82%)     |

(g) Concentration of Exposure

(₹ in Crores)

|   |                    |
|---|--------------------|
| Total Exposure to twenty largest borrowers/customers  | 75077.75(67384.61) |
| Percentage of Exposure to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 50.32%(51.94%)     |



## (h) Concentration of NPAs

(₹ in Crores)

|   |              |
|---|--------------|
| Total Exposure to Top four NPA accounts | 50.71(32.02) |
|---|--------------|

**29.19 Sector-wise NPAs**

| S.No | Sector                                     | Percentage of NPAs to Total Advances in that sector |
|------|--|---|
| 1    | Agriculture and allied activities          | 0.00(0.00)  |
| 2    | Industry (Micro & Small, Medium and Large) | 54.46(43.88)  |
| 3    | Services                                   | 0.00(0.00)  |
| 4    | Personal Loans                             | 0.00(0.00)  |

**29.20 Movement of Gross NPAs**

| Particulars   | Amount in ₹ Crores |
|---|--------------------|
| Gross NPAs as on 1 <sup>st</sup> April of particular year (Opening Balance)       | 50.73(44.71)       |
| Additions (Fresh NPAs) during the year  | 25.66(8.87)        |
| Sub-total (A)   | 76.39(53.58)       |
| Less:-  |                    |
| (iv) Upgradations   | 5.40(0.00)         |
| (v) Recoveries (excluding recoveries made from upgraded accounts)                 | 1.84(2.85)         |
| (vi) Write-offs   | 0.00(0.00)         |
| Sub-total (B)   | 7.24(2.85)         |
| Gross NPAs as on 31 <sup>st</sup> March of following year (closing balance) (A-B) | 69.15(50.73)       |

**29.21 Overseas Assets, NPAs and Revenue: NIL (NIL)****29.22 Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms) : NIL (NIL)**29.23 Information on Business Segment****(a) Brief Background**

The Bank has recognized Primary segments as under:

- i) **Direct Finance:** Includes Loans given to state governments for rural infrastructure development, co-finance loans and loans given to voluntary agencies/non-governmental organisations for developmental activities.
- ii) **Refinance:** Includes Loans and Advances given to State Governments, Commercial Banks, Land Development Banks, State Coop. Banks, Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.

- iii) **Treasury:** Includes investment of funds in treasury bills, short-term deposits, government securities, etc.
- iv) **Unallocated:** Includes income from staff loans and other miscellaneous receipts and expenditure incurred for the developmental role of the bank and common administrative expenses.

**(b) Information on Primary Business Segment**

(₹ in crores)

|   | Direct Finance           | Refinance                | Treasury                 | Unallocated              | Total                                      |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--|
| <b>Segment Revenue</b>                                | 4,085.61<br>(3,295.94)   | 4,086.49<br>(3,393.58)   | 943.24<br>(1,255.69)     | 86.68<br>(19.59)         | <b>9,202.01</b><br><b>(7,964.80)</b>       |
| <b>Segment Results</b>                                | 268.69<br>(372.12)       | 1,567.59<br>(1,198.23)   | 912.21<br>(1,227.10)     | -924.63<br>(-525.00)     | <b>1,823.86</b><br><b>(2,272.45)</b>       |
| <b>Total carrying amount of Segment Assets</b>        | 66,409.32<br>(60,519.42) | 74,643.27<br>(61,222.81) | 15,316.71<br>(12,985.48) | 2,502.96<br>(1,564.42)   | <b>1,58,872.26</b><br><b>(1,36,292.13)</b> |
| <b>Total carrying amount of Segment Liabilities</b>   | 68,908.87<br>(60,642.12) | 69,320.39<br>(55,128.33) | 266.47<br>(239.82)       | 20,376.54<br>(20,281.86) | <b>1,58,872.26</b><br><b>(1,36,292.13)</b> |
| <b>Other Items :</b>                                  |                          |                          |                          |                          |  |
| <b>Cost to acquire Segment Assets during the year</b> | 0.00<br>(0.00)           | 0.00<br>(0.00)           | 0.00<br>(0.00)           | 18.22<br>(11.21)         | <b>18.22</b><br><b>(11.21)</b>             |
| <b>Amortization &amp; Depreciation</b>                | 0.00<br>(0.00)           | 0.00<br>(0.00)           | 0.00<br>(18.18)          | 22.58<br>(23.29)         | <b>22.58</b><br><b>(41.48)</b>             |
| <b>Non Cash Expenses</b>                              | 32.90<br>(17.96)         | -0.08<br>(96.37)         | -0.05<br>(-0.68)         | 100.21<br>(73.34)        | <b>132.98</b><br><b>(186.99)</b>           |

- (c) Since the operations of the Bank are confined to India only there is no reportable secondary segment.

30. Previous year's figures have been regrouped / rearranged wherever necessary.

# NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

## CASH FLOW STATEMENT

(₹ in crores )

| Particulars   | 2014-2015         | 2013-2014         | 2012-13          | 2011-12          | 2010-11          |
|---|-------------------|-------------------|------------------|------------------|------------------|
| <b>(a) Cash flow from Operating activities</b>  |                   |                   |                  |                  |                  |
| Net Profit as per Profit and Loss a/c before tax  | 3,421.46          | 2,788.00          | 2637.16          | 2251.97          | 1823.86          |
| Adjustment for:   |                   |                   |                  |                  |                  |
| Depreciation  | 48.91             | 24.67             | 19.82            | 21.22            | 22.58            |
| Provisions and Amortisations  | 11.97             | -8.46             | 8.74             | -0.80            | 2.78             |
| Provision for Non performing Assets   | 0.04              | -12.63            | 33.26            | 14.87            | 32.90            |
| Provision for Standard Assets   | 124.20            | 88.07             | 125.66           | 78.74            | 0.00             |
| Provision for sacrifice in interest element of Restructured Loan  | -21.96            | -11.31            | -2.88            | 51.37            | -0.08            |
| Profit / Loss on sale of Fixed Assets   | -0.02             | -0.14             | -0.29            | 0.13             | 0.05             |
| Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)  | 252.30            | 284.49            | 261.60           | 139.38           | 118.37           |
| Other Expenses  | 0.00              | 0.00              | 0.00             | 0.00             | 0.00             |
| Income from Investment (including Discount Income)  | -2,219.21         | -2,161.47         | -1498.84         | -1346.02         | -938.80          |
| Expenditure from various Funds  | 0.00              | 0.00              |                  |                  |                  |
| <b>Operating profit before changes in operating assets</b>  | <b>1,617.69</b>   | <b>991.22</b>     | <b>1584.23</b>   | <b>1210.86</b>   | <b>-4430.89</b>  |
| Adjustment for changes in working capital :   |                   |                   |                  |                  |                  |
| (Increase) / Decrease in Current Assets   | 1,757.66          | -6,590.58         | -1727.58         | 2133.69          | -1002.50         |
| Increase / (Decrease) in Current Liabilities  | 419.07            | 1,321.67          | 1435.58          | 799.07           | 681.47           |
| Increase in Loans and Advances (Including Housing Loan & Other Advances to Staff  | -31,335.58        | -25,979.15        | -30409.50        | -25661.77        | -19035.55        |
| <b>Cash generated from operating activities</b>   | <b>-27,541.16</b> | <b>-30,256.84</b> | <b>-29117.27</b> | <b>-21518.16</b> | <b>-19356.58</b> |
| Income Tax paid - Net of refund (Out of above ` 853.42 crore paid on account of taxability of RIDF/ STCRC differential debited to Watershed Development / Tribal Development / Financial Inclusion Fund ) | -1,195.56         | -1,038.21         | -1588.99         | -426.75          | -539.24          |
| <b>Net cash flow from operating activities (A)</b>  | <b>-28,736.73</b> | <b>-31,295.05</b> | <b>-30706.26</b> | <b>-21944.90</b> | <b>-18885.65</b> |
| <b>(b) Cash flow from Investing activities</b>  |                   |                   |                  |                  |                  |
| Income from Investment (including Discount Income)  | 2,217.97          | 2,159.68          | 1497.05          | 1346.02          | 943.24           |

|  |                  |                  |                 |                 |                 |
|--|------------------|------------------|-----------------|-----------------|-----------------|
| Purchase of Fixed Asset  | -53.13           | -45.95           | -115.78         | -21.92          | -74.69          |
| Sale of Fixed Assets   | 4.32             | 11.59            | 5.85            | 5.01            | 5.81            |
| Increase / Decrease in Investment                              | 288.17           | -9,605.33        | 403.81          | 2.85            | -1406.81        |
| <b>Net cash used / generated from investing activities (B)</b> | <b>2,457.34</b>  | <b>-7,480.00</b> | <b>1790.93</b>  | <b>1331.95</b>  | <b>-532.46</b>  |
| <b>(c) Cash flow from financing activities</b>                 |                  |                  |                 |                 |                 |
| Grants / contributions received                                | 601.42           | -606.13          | 882.25          | -1434.40        | -1566.90        |
| Proceeds of Bonds  | -2,207.70        | -11,450.77       | 9082.10         | 11795.65        | 6783.83         |
| Increase / (Decrease) in Borrowings                            | 8,457.90         | -2,090.89        | -1219.32        | -3352.81        | 2503.49         |
| Increase / (Decrease) in Deposits                              | 21,008.28        | 51,385.11        | 18663.10        | 12621.08        | 12780.66        |
| Increase in Share capital                                      | 300.00           | 700.00           | 1000.00         | 1000.00         |                 |
| <b>Net cash raised from financing activities (C)</b>           | <b>28,159.89</b> | <b>37,937.32</b> | <b>28408.14</b> | <b>20629.52</b> | <b>20501.08</b> |
| Net increase in cash and cash equivalent (A)+(B)+(C)           | 1,880.51         | -837.74          | -507.19         | 16.57           | 1082.98         |
| Cash and Cash equivalent at the beginning of the year          | 434.44           | 1,272.19         | 1779.37         | 1762.81         | 628.34          |
| <b>Cash and cash equivalent at the end of the year</b>         | <b>2,314.96</b>  | <b>434.44</b>    | <b>1272.19</b>  | <b>1779.37</b>  | <b>1762.81</b>  |

| <b>1. Cash and cash equivalent at the end of the year includes :</b> | <b>2014-2015</b> | <b>2013-2014</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> |
|--|------------------|------------------|----------------|----------------|----------------|
| Cash in hand   | 0.00             | 0.00             | 0.00           | 0.00           | 0.00           |
| Balance with Reserve Bank of India                                   | 2,030.04         | 107.31           | 611.41         | 1168.80        | 38.85          |
| Balances with other Banks in India                                   | 120.04           | 11.64            | 127.87         | 379.62         | 801.32         |
| Remittances in Transit   | 0.05             | 104.40           | 1.35           | 0.03           | 694.44         |
| Inter fund transfer  | 0.00             | 0.00             | 0.00           | 0.00           | 0.00           |
| Collateralised Borrowing and Lending Obligations                     | 164.83           | 211.09           | 531.56         | 230.93         | 228.19         |
| <b>Total</b>   | <b>2,314.96</b>  | <b>434.44</b>    | <b>1272.19</b> | <b>1779.37</b> | <b>1762.81</b> |

## National Bank for Agriculture and Rural Development

### Statement of Accounting Ratios- Unconsolidated

(₹ in Crores)

| Description  | As at/ For the<br>year ended<br>31.03.2015 | As at/ For the<br>year ended<br>31.03.2014 | As at/ For the<br>year ended<br>31.03.2013 | As at/ For the<br>year ended<br>31.03.2012 | As at/ For the<br>year ended<br>31.03.2011 |
|--|--|--|--|--|--|
| <b>Basic and diluted Earnings per Share (Rs)<br/>(Net profit after tax/Weighted average number of share outstanding<br/>during the year)</b> | N.A  | N.A  | N.A  | N.A  | N.A  |
| (i) Net profit after tax   |  |  |  |  |  |
| (ii) Weighted average number of shares outstanding during the year   |  |  |  |  |  |
| <b>Return on Net Worth (Rs) (Net profit after tax/Net Worth X 100)</b>   | 0.10                                       | 0.09                                       | 0.10                                       | 0.10                                       | 0.09                                       |
| (i) Net profit after tax   | 2,403.26                                   | 1,860.25                                   | 1,808.07                                   | 1,634.97                                   | 1,279.21                                   |
| (ii) Net Worth (Shareholders' Fund)*   | 24,328.84                                  | 21,615.61                                  | 18,967.63                                  | 16,027.74                                  | 13,482.72                                  |
| <b>Net Asset Value Per Share (Rs)<br/>(Net worth/Number of shares at the end of the year)</b>  | N.A  | N.A  | N.A  | N.A  | N.A  |
| (i) Net Worth (Shareholders' Fund)   |  |  |  |  |  |
| (ii) Number of Shares at the end of the year   |  |  |  |  |  |
| <b>Debt to Equity Ratio (Total debt outstanding/Net Worth)</b>   | 9.45                                       | 9.38                                       | 8.69                                       | 8.63                                       | 8.70                                       |
| (i) Total Debt Outstanding   | 2,29,937.90                                | 2,02,679.43                                | 1,64,835.98                                | 1,38,310.10                                | 1,17,246.18                                |
| (ii) Net Worth (Shareholders' Fund)*   | 24,328.84                                  | 21,615.61                                  | 18,967.63                                  | 16,027.74                                  | 13,482.72                                  |

\* In terms of Section 2(57) in the Companies Act, 2013

## National Bank for Agriculture and Rural Development

### Capitalisation Statement - Unconsolidated

(₹ in crores )

| Description                         | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 | Year ended<br>31.03.2011 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Debts (A)</b>                    | 2,29,937.90              | 2,02,679.43              | 1,64,835.98              | 1,38,310.10              | 1,17,246.18              |
| <b>Shareholders' Fund</b>           |                          |                          |                          |                          |                          |
| Share Capital                       | 5,000.00                 | 4,700.00                 | 4,000.00                 | 3,000.00                 | 2,000.00                 |
| Reserves & Surplus*                 | 19,328.84                | 16,915.61                | 14,967.63                | 13,027.74                | 11,482.72                |
| <b>Total Shareholders' Fund (B)</b> | 24,328.84                | 21,615.61                | 18,967.63                | 16,027.74                | 13,482.72                |
| <b>Debt to Equity Ratio (A/B)</b>   | 9.45                     | 9.38                     | 8.69                     | 8.63                     | 8.70                     |

\* In terms of Section 2(57) in the Companies Act, 2013

## National Bank for Agriculture and Rural Development

### Statement of Tax Shelter - Unconsolidated

(₹ In Crores)

| Particulars   | 31/03/2015     | 31/03/2014     | 31/03/2013     | 31/03/2012     | 31-03-2011     |
|---|----------------|----------------|----------------|----------------|----------------|
| Profits/ (Losses) before taxes as per books (A)   | 3421.46        | 2788           | 2637.16        | 2251.97        | 1823.86        |
| Income Tax Rates (including surcharge and education cess) applicable (B)                    | 0.34           | 0.34           | 32.45%         | 32.45%         | 33.22%         |
| Tax Expenses (C)  | 1053.91        | 957.56         | 843.89         | 455            | 460            |
| <b><u>Permanent Differences</u></b>   |                |                |                |                |                |
| Provision for NPA and standard assets   | 124.20         | 88.07          | 125.66         | 78.74          | 0              |
| Net of Interest Credited on unutilised balances of funds and amount of expenditure incurred | 9.74           | 13.09          | -5.25          | -91.69         | -105.26        |
| Wealth Tax  | 5.55           | 3.6            | 4.04           | 3.81           | 2.29           |
| Tax on Non Monetary Perks   | 12.96          | 12.78          | 11.25          | 12.82          | 4.81           |
| Disallowances u/s 14A   | 6.54           | 3.77           | 3.06           | 6.4            | 3.24           |
| Deduction u/s section 36(1)(viii)   | -312.08        | -308.99        | -329.66        | -280.28        | -324.28        |
| Any disallowances   | -34.06         | -12.04         | 10.17          | 59.25          | -89.88         |
| Dividend Income   | -7.28          | -8.49          | -18.48         | -11.96         | -5.4           |
| Agricultural Income   | 0.00           | 0              | 0              | 0              | 0              |
| <b>Total Permanent Differences (D)</b>  | <b>-194.43</b> | <b>-208.21</b> | <b>-199.21</b> | <b>-222.91</b> | <b>-514.48</b> |
| <b><u>Timing Differences</u></b>  |                |                |                |                |                |
| Difference between Tax and book Depreciation or vice versa (DTA)/DTL                        | 19.16          | -5.71          | -4.14          | -2.33          | 1.83           |
| Other Adjustments (DTA)/DTL   | 34.09          | 114.96         | 34.35          | -396.93        | -16.93         |

|   |                |               |                |                |                |
|---|----------------|---------------|----------------|----------------|----------------|
| <b>Total Timing Differences (E)</b>   | <b>53.25</b>   | <b>109.25</b> | <b>30.21</b>   | <b>-399.26</b> | <b>-15.10</b>  |
| <b>Net Adjustments (F) = (D + E)</b>  | <b>-141.18</b> | <b>-98.96</b> | <b>-169.00</b> | <b>-622.17</b> | <b>-529.58</b> |
| <b>Tax impact of adjustments (G) = (F) * (B)</b>                                      | -47.99         | -33.64        | -54.83         | -201.86        | -175.93        |
| <b>Taxable Income (H) = (A + F)</b>   | 3280.28        | 2689.04       | 2468.16        | 1629.80        | 1294.28        |
| <b>Tax provision based on taxable income (I) = (H * B)</b>                            | <b>1114.97</b> | <b>914.00</b> | <b>800.79</b>  | <b>528.79</b>  | <b>429.96</b>  |
| <b>Total tax provision for current tax (J)</b>  | 1053.90        | 957.56        | 843.89         | 455            | 460            |
| <b>Deferred Tax Charges/ (Credit) (K)</b>   | -35.70         | -29.81        | -14.8          | 162            | 84.65          |
| <b>Provision for FBT (L)</b>  | 0.00           | 0             | 0              | 0              | 0              |
| <b>Total tax expense/ (Credit) during the year on timing difference (M) = (J+K+L)</b> | <b>1018.20</b> | <b>927.75</b> | <b>829.09</b>  | <b>617.00</b>  | <b>544.65</b>  |



**G. M. KAPADIA & CO.**

(REGISTERED)

CHARTERED ACCOUNTANTS

1007, RAHEJA CHAMBERS, 213, NARIMAN POINT, MUMBAI 400 021, INDIA

PHONE : (91-22) 6611 6611 FAX : (91-22) 6611 6600

**LIMITED REVIEW REPORT**

To  
**THE BOARD OF DIRECTORS**  
**NATIONAL BANK OF AGRICULTURAL AND RURAL DEVELOPMENT**

- 1) We have reviewed the accompanying statement of unaudited Standalone financial results of NATIONAL BANK OF AGRICULTURAL AND RURAL DEVELOPMENT (hereinafter referred to as "the bank") for the half year ended on September 30, 2015. This statement of unaudited standalone financial results is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these unaudited standalone financial results based on our review.
- 2) We have conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
- 3) Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed or it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.

For G.M.Kapadia & Co  
Chartered Accountants  
(Firm Registration No. 104767W)



Mumbai  
Dated: 29 OCT 2015

*Rajen Ashar*  
Rajen Ashar  
Partner  
(Membership No. 048243)



## राष्ट्रीय कृषि और ग्रामीण विकास बैंक

### National Bank for Agriculture and Rural Development

प्रधान कार्यालय : प्लॉट सं. सी - 24, जी ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400051

Head Office : Plot No. C-24, G Block, Bandra-Kurla Complex

Bandra (E) Mumbai 400051. Website : www.nabard.org.

30 सितंबर 2015 को समाप्त अर्ध वार्षिक के लिये अलेखापरीक्षित वित्तीय परिणाम

Unaudited Financial Results for half year ended September 30, 2015

(₹. करोड में)

(₹ in crore)

| क्रम सं.<br>Sr. No. | विवरण<br>Particulars   | 30 सितंबर 2015 को<br>समाप्त अर्ध वार्षिक के लिए<br>अलेखापरीक्षित | 30 सितंबर 2014 को<br>समाप्त अर्ध वार्षिक के लिए<br>अलेखापरीक्षित | 31 मार्च 2015 को<br>समाप्त वर्ष के लिए<br>लेखापरीक्षित |
|---------------------|--|--|--|--|
|                     |  | Half year ended<br>30 September 2015<br>Unaudited                | Half year ended<br>30 September 2014<br>Unaudited                | Year ended<br>31 March 2015<br>Audited                 |
| 1                   | अर्जित ब्याज (क) + (ख) + (ग) + (घ)<br>Interest earned (a) + (b) + (c) + (d)  | 10067.06   | 8354.60  | 17485.27   |
| (क)                 | ऋण तथा अग्रिमों पर ब्याज<br>(a) Interest on loans and advances   | 8543.77  | 7382.90  | 15267.30   |
| (ख)                 | निवेशों पर आय<br>(b) Income on investments   | 1523.29  | 971.70   | 2217.97  |
| (ग)                 | भारतीय रिजर्व बैंक के पास शेष रकम तथा अन्य अन्तर बैंक<br>निधियों पर ब्याज<br>(c) Interest on balances with Reserve Bank of<br>India and other inter bank funds | 0.00   | 0.00   | 0.00   |
| (घ)                 | अन्य<br>(d) Others   | 0.00   | 0.00   | 0.00   |
| 2                   | अन्य आय<br>Other Income  | 97.98  | 98.15  | 319.19   |
| 3                   | कुल आय (1 + 2)<br>Total Income (1 + 2)   | 10165.04   | 8452.75  | 17804.46   |
| 4                   | व्यय किया गया ब्याज<br>Interest Expended   | 7412.10  | 6146.46  | 12923.41   |
| 5                   | परिचालन व्यय (i) + (ii)<br>Operating Expenses (i) + (ii)   | 864.38   | 665.66   | 1345.34  |
| (i)                 | कर्मचारियों पर लागत<br>Employees cost  | 723.52   | 496.35   | 976.13   |
| (ii)                | अन्य परिचालन व्यय<br>Other operating expenses  | 140.86   | 169.31   | 369.21   |
| 6                   | कुल व्यय (4 + 5) प्रावधान तथा आकस्मिताओं रहित<br>Total Expenditure (4+5) excluding<br>provisions and contingencies   | 8276.48  | 6812.12  | 14268.75   |
| 7                   | प्रावधान तथा आकस्मिताओं से पूर्व परिचालन लाभ<br>Operating Profit before Provisions and<br>Contingencies (3-6)  | 1888.56  | 1640.63  | 3535.71  |
| 8                   | प्रावधान (कर के अतिरिक्त) और आकस्मिताएँ<br>Provisions (other than tax) and<br>Contingencies  | 24.33  | 26.98  | 114.25   |
| 9                   | अपवादात्मक मदें<br>Exceptional Items   | 0.00   | 0.00   | 0.00   |
| 10                  | कर से पूर्व साधारण कार्यकलापों से लाभ (+)/हानि (-) (7-8-<br>9)<br>Profit (+)/Loss (-) from Ordinary Activities<br>before tax (7-8-9)                           | 1864.33  | 1613.65  | 3421.46  |
| 11                  | कर व्यय<br>Tax expenses  | 612.50   | 480.00   | 1018.20  |
| 12                  | कर के पश्चात (10-11) सामान्य कार्यकलापों से शुद्ध लाभ<br>(+)/हानि(-)<br>Net Profit (+)/Loss (-) from Ordinary<br>Activities after tax (10-11)                  | 1251.83  | 1133.65  | 2403.26  |

|      |  |          |          |          |
|------|--|----------|----------|----------|
| 13   | असाधारण मदें (कर व्यय को घटाने के बाद )<br>Extraordinary items (net of tax expense)  | 0.00     | 0.00     | 0.00     |
| 14   | अवधि (12-13) के लिए निवल लाभ (+) / हानि (-)<br>Net Profit (+) / Loss (-) for the period (12-13)  | 1251.83  | 1133.65  | 2403.26  |
| 15   | प्रदत्त पूंजी<br>Paid-up capital   | 5000.00  | 5000.00  | 5000.00  |
| 16   | पूनर्मूल्यांकन प्रारक्षित निधियों को छोड़कर प्रारक्षित निधियाँ<br>(पूर्व लेखावर्ष के तुलनपत्र के अनुसार)<br>Reserves excluding Revaluation Reserves<br>(as per balance sheet of previous<br>accounting year) | 19328.84 | 16915.61 | 19328.84 |
| 17   | विश्लेषणात्मक अनुपात<br>Analytical Ratios  |          |          |          |
| (i)  | पूंजी पर्याप्तता अनुपात<br>Capital Adequacy Ratio  | 17.47%   | 17.37%   | 16.91%   |
| (ii) | प्रति शेयर आय<br>Earnings Per Share (EPS)  | NA       | NA       | NA       |
| 18   | निवल अनर्जक आस्ति अनुपात<br>NPA Ratios   |          |          |          |
| (क)  | सकल अनर्जक आस्तियाँ<br>(a) Gross NPA   | 128.36   | 105.01   | 125.99   |
| (ख)  | निवल अनर्जक आस्तियाँ<br>(b) Net NPA  | 19.30    | 12.87    | 23.33    |
| (ग)  | सकल ऋण और अग्रिमों की तुलना में सकल अनर्जक आस्तियों<br>का प्रतिशत<br>(c) % of Gross NPA to Gross loans &<br>advances   | 0.0497   | 0.0465   | 0.0499   |
| (घ)  | निवल ऋणों और अग्रिमों की तुलना में निवल अनर्जक<br>आस्तियों का प्रतिशत<br>(d) % of Net NPA to Net loans & advances  | 0.0075   | 0.0057   | 0.0092   |
| 19   | आस्तियों पर प्रतिफल (रिटर्न)<br>Return on Assets   | 0.86%    | 0.92%    | 0.93%    |

एनए = लागू नहीं

NA = Not Applicable

आस्तियों पर प्रतिफल = कर के बाद के निवल लाभ को कुल औसत से विभाजित किया जाए

Return on Assets = Net Profit (after tax) divided by total average assets

टिप्पणी :

Notes:

- उक्त वित्तीय परिणामों की समीक्षा निर्देशक मंडल की ऑडिट समिति (एसीबी) द्वारा की गई तथा 29 अक्टूबर 2015 को नई दिल्ली में आयोजित निर्देशक मंडल की बैठक में रिकार्ड पर लिये गये हैं और मेसर्स जी एम कपाडिया अँड कं. चार्टर्ड अकाउंटेंट द्वारा इनकी सीमित समीक्षा की गई है।  
The financial results were reviewed by Audit Committee of Board and taken on record by the Board of Directors in its meeting held on 29 October 2015 at New Delhi and are subjected to limited review by M/s G M Kapadia & Co., Chartered Accountants.
- बैंक द्वारा पहले से अपनाई जा रही प्रथा के अनुरूप नेशनल रुरल क्रेडिट फंड्स में किये जाने वाले अंशदान तथा समेकित वित्तीय परिणाम पर कार्रवाई वर्ष के अंत में की जाएगी।  
The contribution to National Rural Credit Funds and consolidated financial results shall be considered at the year end.
- निदेशक मंडल की स्वीकृति के अनुसार इंटररेस्ट डिफरेंसियल के कारण 30 सितंबर 2015 को समाप्त छः महीनों की आयकर देयता स्वरूप ₹ 200 करोड़ की राशि को फंड अकाउंट में प्रभारित कर दिया है।  
Income tax liability amounting to ₹ 200 crore for the six month period ending 30 September 2015 on account of interest differential has been charged to the respective fund account as per the approval of the Board.
- जहाँ कहीं आवश्यकता पड़ी है, वहाँ पिछली अवधि / अवधियों के आँकड़ों को पुनःसमूहित / पुनः व्यवस्थित किया गया है।  
Previous period figures have been regrouped / rearranged wherever necessary.

स्थान : नई दिल्ली

Place : New Delhi

दिनांक : 29 अक्टूबर 2015

Date : 29 October 2015

हर्ष कुमार भनवाला

Harsh Kumar Bhanwala

अध्यक्ष

Chairman

**PRAKASH & SRINIVAS  
CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors,  
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
Bandra Kurla Complex  
Mumbai

Dear Sir,

**AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF AGRI BUSINESS FINANCE LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ("NABARD" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO. 59/2015, DATED 6<sup>th</sup> July 2015 and NOTIFICATION NO.6/2016 DATED 18.02.2016 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2015-2016 ("ISSUE")**

1. We have examined the reformatted financial information of **AGRI BUSINESS FINANCE LIMITED** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter Dated 16.02.2016 in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2015, 2014, 2013, 2012 and 2011 which have been audited by the following Auditors:

| <b>For Financial Year</b> | <b>Name of the Auditor</b> |
|---------------------------|----------------------------|
| 2014-15                   | PRAKASH & SRINIVAS         |
| 2013-14                   | PRAKASH & SRINIVAS         |
| 2012-13                   | K K CHOWDARY ASSOCIATES    |
| 2011-12                   | K K CHOWDARY ASSOCIATES    |
| 2010-11                   | K K CHOWDARY ASSOCIATES    |

We have placed reliance on the audit reports of these auditor's for the respective years.

**2. Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Prospectus and Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management. Our responsibility is to express an opinion on these reformatted financial information. Management is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities.



TELEPHONE:040-24603462|EMAIL:V\_PRAKASH100@REDIFFMAIL.COM  
5-4-585 BEHIND ANAPURNA HOTEL, NAMPALLY, HYDERABAD

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# PRAKASH & SRINIVAS CHARTERED ACCOUNTANTS

Management is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

### 3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31<sup>st</sup> March 2015, 31<sup>st</sup> March 2014, 2013, 2012 and 2011 and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

### 4. Financial Information as per Audited Financial Statements

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31<sup>st</sup> March, 2011 to 31<sup>st</sup> March, 2015 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31<sup>st</sup> March, 2011 to 31<sup>st</sup> March, 2015 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31<sup>st</sup> March, 2011 to 31<sup>st</sup> March, 2015 (Annexure III), and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as '**Reformatted Financial Statements**'. Based on our examination of these Reformatted Financial Statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.
- ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.
- iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2015. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.



**PRAKASH & SRINIVAS  
CHARTERED ACCOUNTANTS**

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iv. The Company has not declared any dividends for each of the years ended 31st March, 2015, 31st March 2014, 31st March 2013, 31st March, 2012 and 31st March, 2011.

v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.

vi. These Reformatted Financial Statements have been prepared in "Rs. in crore" for the convenience of the readers. Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in crore".

vii. There are qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2015, 2014, 2013, 2012 and 2011 which are reproduced in Annexure VIII.

**5. Attention is drawn to the following:**

The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.

**6. Other Reformatted Financial Information of the Company:**

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Prospectus and Prospectus(es), prepared by the Company and annexed to this Financial Information as at and for each of the years ended 31st March 2015, 2014, 2013, 2012 and 2011 annexed to this report:

i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2015, 31st March 2014, 31st March, 2013, 31st March, 2012 and 31st March, 2011 (Annexure VII)

**7. Opinion**

In our opinion, and to the best of our information and according to explanations given to us, **subject to para 5** above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.



**PRAKASH & SRINIVAS  
CHARTERED ACCOUNTANTS**

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9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.

**For Prakash & Srinivas**  
Chartered Accountants  
Firm Regn. No.02723S

*[Handwritten Signature]*  
18/02/2016



**V Prakash**  
Partner  
Membership no.022924  
Place: Hyderabad  
Date: 18<sup>th</sup> February 2016

**AGRI BUSINESS FINANCE LIMITED**  
**Standalone Reformatted Statement of Assets and Liabilities**

(Rs. in Cr.)

| Particulars                                   | Note. No. | 2014-15       | 2013-14       | 2012-13       | 2011-12       | 2010-11       |
|---|-----------|---------------|---------------|---------------|---------------|---------------|
| <b>I. EQUITY AND LIABILITIES</b>              |           |               |               |               |               |               |
| <b>(1) Shareholder's Funds</b>                |           |               |               |               |               |               |
| (a) Share Capital                             | 1         | 18.164        | 18.164        | 18.164        | 10.874        | 10.874        |
| (b) Reserves and Surplus                      | 2         | 4.515         | 3.984         | 2.944         | 2.292         | 1.778         |
| (c) Reserve Fund                              |           | 1.305         | 1.170         | 0.910         | 0.740         | 0.610         |
| (2) Share Application money pending allotment |           | -             | 0.010         | 0.010         | 0.010         | 0.010         |
| <b>(3) Non-Current Liabilities</b>            |           |               |               |               |               |               |
| (a) Long-Term Borrowings                      | 3         | 47.360        | 39.721        | 28.248        | 1.625         | 0.126         |
| (b) Deferred Tax Liabilities (Net)            | 4         | 6.755         | 6.841         | 0.258         | 0.210         | 0.141         |
| (c) Other Long Term Liabilities               |           | -             | -             | -             | -             | -             |
| (d) Long Term Provisions                      |           | -             | -             | -             | -             | -             |
| <b>(4) Current Liabilities</b>                |           |               |               |               |               |               |
| (a) Short-Term Borrowings                     |           | -             | -             | -             | -             | 0.001         |
| (b) Trade Payables                            | 5         | 0.633         | 0.689         | 0.501         | 0.019         | 0.453         |
| (c) Other Current Liabilities                 | 6         | 3.958         | 1.986         | 1.079         | 0.648         | -             |
| (d) Short-Term Provisions                     |           | -             | -             | -             | -             | -             |
| <b>Total</b>                                  |           | <b>82.689</b> | <b>72.564</b> | <b>52.113</b> | <b>16.417</b> | <b>13.992</b> |
| <b>II. ASSETS</b>                             |           |               |               |               |               |               |
| <b>(1) Non-Current Assets</b>                 |           |               |               |               |               |               |
| <b>(a) Fixed Assets</b>                       |           |               |               |               |               |               |
| i) Tangible Assets                            | 7         |               |               |               |               |               |
| Gross Block                                   |           | 0.261         | 0.280         | 0.276         | 0.267         | 0.269         |
| Depreciation                                  |           | 0.184         | 0.211         | 0.199         | 0.193         | 0.174         |
| Net Block                                     |           | 0.077         | 0.068         | 0.078         | 0.075         | 0.095         |
| ii) Intangible Assets                         |           | -             | -             | -             | -             | -             |
| iii) Capital work-in-progress                 |           | -             | -             | -             | -             | -             |
| iv) Intangible assets under development       |           | 0.077         | 0.068         | 0.078         | 0.075         | 0.095         |
| (b) Non-current investments                   |           | 1.602         | 1.271         | 1.009         | 0.877         | 0.839         |
| (c) Deferred tax assets (net)                 | 8         | 75.288        | 59.050        | 44.647        | 9.404         | 6.171         |
| (d) Long term loans and advances              | 9         | 0.669         | 0.925         | 0.651         | 0.682         | 0.533         |
| (e) Other non-current assets                  |           | -             | -             | -             | -             | -             |
| <b>(2) Current Assets</b>                     |           |               |               |               |               |               |
| (a) Current investments                       |           | -             | -             | -             | -             | -             |
| (b) Inventories                               |           | -             | -             | -             | -             | -             |
| (c) Trade receivables                         | 10        | 4.813         | 11.007        | 5.597         | 5.257         | 6.225         |
| (d) Cash and cash equivalents                 |           | -             | -             | -             | -             | -             |
| (e) Short-term loans and advances             | 11        | 0.240         | 0.243         | 0.132         | 0.122         | 0.129         |
| (f) Other current assets                      |           | -             | -             | -             | -             | -             |
| <b>Total</b>                                  |           | <b>82.689</b> | <b>72.564</b> | <b>52.113</b> | <b>16.417</b> | <b>13.992</b> |

for Agri Business Finance Limited



H R Srivatsa  
 Managing Director

*H.R. Srivatsa*  
 16/2/2016



for PRAKASH & SRINIVAS  
 Chartered Accountants  
 F R N 02723S

V Prakash  
 Partner  
 M.No. 022924

*16/02/2016*



**AGRI BUSINESS FINANCE LIMITED**  
STANDALONE REFORMATTED STATEMENT OF PROFIT & LOSS

(Rs. in Cr.)

| Sr. No | Particulars   | Note. No.  | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|---|------------|--------------|--------------|--------------|--------------|--------------|
| I      | Revenue from operations                                   | 12         | 5.582        | 5.758        | 2.973        | 0.838        | 0.295        |
| II     | Other Income  | 13         | 0.533        | 0.497        | 0.464        | 0.540        | 0.563        |
|        | <b>III. Total Revenue (I + II)</b>                        |            | <b>6.114</b> | <b>6.255</b> | <b>3.437</b> | <b>1.378</b> | <b>0.858</b> |
| III    |   |            |              |              |              |              | 0.231        |
| IV     | <b>Expenses:</b>  |            | 0.543        | 0.448        | 0.418        | 0.338        | 0.009        |
|        | Employee Benefit Expense                                  | 14         | 3.443        | 2.851        | 1.213        | 0.032        | 0.027        |
|        | Financial Costs   | 15         | 0.036        | 0.027        | 0.023        | 0.023        | 0.096        |
|        | Depreciation and Amortization Expense                     | 16         | 0.247        | 0.219        | 0.169        | 0.115        | 0.075        |
|        | Other Administrative Expenses                             | 17         | 1.274        | 0.817        | 0.563        | 0.139        | -            |
|        | Other Expenses  | 18         | 0.266        | -            | -            | -            | -            |
|        | Bad Debts Written Off                                     |            | 5.809        | 4.362        | 2.385        | 0.647        | 0.437        |
|        | <b>Total Expenses (IV)</b>                                |            | <b>0.305</b> | <b>1.893</b> | <b>1.052</b> | <b>0.731</b> | <b>0.421</b> |
| V      | Profit before exceptional and extraordinary items and tax | (III - IV) | 0.403        | 0.056        | 0.184        | 0.045        | 0.916        |
|        | Add: Excess Provision reversed                            |            | 0.155        | -            | -            | -            | -            |
|        | Provision for Written off Debts written back              |            | -            | -            | -            | -            | -            |
| VI     | Exceptional Items   |            | 0.864        | 1.949        | 1.235        | 0.776        | 1.336        |
| VII    | Profit before extraordinary items and tax (V - VI)        |            | -            | -            | -            | -            | -            |
| VIII   | Extraordinary Items                                       |            | 0.864        | 1.949        | 1.235        | 0.776        | 1.336        |
| IX     | Profit before tax (VII - VIII)                            |            | -            | -            | -            | -            | -            |
| X      | <b>Tax expense:</b>                                       |            | 0.524        | 0.911        | 0.545        | 0.170        | 0.100        |
|        | (1) Current tax   |            | 0.331        | 0.262        | 0.132        | 0.038        | 0.278        |
|        | (2) Deferred tax Asset                                    |            | -            | -            | -            | -            | -            |
|        |   |            | 0.671        | 1.300        | 0.822        | 0.644        | 0.959        |
| XI     | Profit(Loss) from the period from continuing operations   | (IX-X)     | -            | -            | -            | -            | -            |
| XII    | Profit/(Loss) from discontinuing operations               |            | -            | -            | -            | -            | -            |
| XIII   | Tax expense of discounting operations                     |            | -            | -            | -            | -            | -            |
| XIV    | Profit/(Loss) from Discontinuing operations (XII - XIII)  |            | 0.671        | 1.300        | 0.822        | 0.644        | 0.959        |
| XV     | Profit/(Loss) for the period (XI + XIV)                   |            | 0.135        | 0.260        | 0.170        | 0.130        | 0.192        |
|        | Less: Reserve Fund  |            | 0.536        | 1.040        | 0.652        | 0.514        | 0.767        |
|        | <b>Surplus/(Deficit) carried to Balance Sheet</b>         |            |              |              |              |              |              |
| XVI    | Earning per equity share:                                 |            | 0.37         | 0.72         | 0.45         | 0.59         | 0.88         |
|        | (1) Basic   |            | 0.37         | 0.72         | 0.45         | 0.59         | 0.88         |
|        | (2) Diluted   |            |              |              |              |              |              |

for Agri Business Finance Limited

*H.R. Srivatsa*  
H R Srivatsa

Managing Director

10/2/14



for PRAKASH & SRINIVAS  
Chartered Accountants  
F R N 02723S

V Prakash  
Partner  
M.No. 022924

16/02/2014

# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

(Rs. in Cr.)

### Note : 1 Share Capital

| Sr. No | Particulars  | 2014-15       | 2013-14       | 2012-13       | 2011-12       | 2010-11       |
|--------|--|---------------|---------------|---------------|---------------|---------------|
|        | <b>AUTHORIZED CAPITAL</b>                              |               |               |               |               |               |
|        | 5,00,00,000 Equity shares of Rs.10/ each               | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        |
|        |  | 50.000        | 50.000        | 50.000        | 50.000        | 50.000        |
|        | <b>Issued, Subscribed &amp; Called up Capital</b>      |               |               |               |               |               |
|        | 1,81,63,600 Equity shares of Rs.10/- each              | 18.164        | 18.164        | 18.164        | 18.164        | 18.164        |
|        |  | 18.164        | 18.164        | 18.164        |               |               |
|        | <b>Paid up Capital</b>                                 |               |               |               |               |               |
|        | 1,81,63,600 Equity shares of Rs.10/- each              |               |               |               |               |               |
|        | (Previous year 18163600 Equity Shares of Rs.10/- each) |               |               |               | 0.215         | 0.215         |
|        | Less: Allotment Money unpaid                           | -             | -             | -             | 0.775         | 0.775         |
|        | Calls unpaid   | -             | -             | -             |               |               |
|        | <b>Total in</b>  | <b>18.164</b> | <b>18.164</b> | <b>18.164</b> | <b>10.874</b> | <b>10.874</b> |

(Rs. in Cr.)

Reconciliation of No. of shares outstanding and the amount of share capital is set out below:

| Particulars  | 2014-15       | 2013-14       | 2012-13       | 2011-12       | 2010-11       |
|--|---------------|---------------|---------------|---------------|---------------|
| Number of shares at the beginning of the year                    | 18.164        | 18.164        | 18.164        | 10.874        | 10.874        |
| Add : Equity shares issued during the year                       | -             | -             | -             | -             | -             |
| Equity shares at the end of the year (1,81,63,600 Equity shares) | 18.164        | 18.164        | 18.164        | 10.874        | 10.874        |
| <b>Total in</b>  | <b>18.164</b> | <b>18.164</b> | <b>18.164</b> | <b>10.874</b> | <b>10.874</b> |

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

| Particulars   | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|---|--------------|--------------|--------------|--------------|--------------|
|   | % of holding | % of holding | % of holding | % of holding | % of holding |
| National Bank for Agriculture and Rural Development | 72.46        | 72.46        | 72.46        | 43.83        | 43.83        |
| Government of Andhra Pradesh                        | 11.01        | 11.01        | 11.01        | 16.86        | 16.86        |
| Andhra Bank   | 11.01        | 11.01        | 11.01        | 16.86        | 16.86        |
| Andhra Sugars Limited                               | -            | -            | -            | 8.43         | 8.43         |

(Rs. in Cr.)

### Note : 2 Reserve & Surplus

| Sr. No | Particulars  | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|--|--------------|--------------|--------------|--------------|--------------|
|        | Surplus (Profit & Loss Account)                          | 4.515        | 3.984        | 2.944        | 2.292        | 1.778        |
|        | Balance brought forward from previous year               | 3.984        | 2.944        | 2.292        | 1.778        | 1.011        |
|        | Less: Income Tax (Dr Balance) pertaining to F.Y. 2013-14 | 0.005        | 0.000        | -            | -            | -            |
|        | Add: Profit for the period                               | 0.536        | 1.040        | 0.652        | 0.514        | 0.767        |
|        | <b>Total in</b>  | <b>4.515</b> | <b>3.984</b> | <b>2.944</b> | <b>2.292</b> | <b>1.778</b> |



# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

(Rs. in Cr.)

### Note : 3 Long Term Borrowings

| Sr. No | Particulars                      | 2014-15       | 2013-14       | 2012-13       | 2011-12      | 2010-11      |
|--------|----------------------------------|---------------|---------------|---------------|--------------|--------------|
| 1      | Bonds / Debentures               | -             | -             | -             | -            | -            |
| 2      | <b>Term Loan</b>                 | <b>45.911</b> | <b>37.764</b> | <b>22.551</b> | <b>1.336</b> | <b>0.126</b> |
|        | - From NABARD (Refinance)        |               |               |               |              |              |
|        | Drawn at 10.25%                  | 0.993         | 1.401         | -             | -            | -            |
|        | Drawn at 9.90%                   | 6.529         | 8.469         | -             | -            | -            |
|        | Drawn at 9.70%                   | 5.661         | 6.107         | -             | -            | -            |
|        | Drawn at 9.65%                   | 3.144         | 4.231         | -             | -            | -            |
|        | Drawn at 9.30%                   | 2.006         | 0.640         | -             | -            | -            |
|        | Drawn at 9.20%                   | 7.779         | 6.353         | 7.977         | -            | -            |
|        | Drawn at 9.15%                   | 0.915         | 1.308         | 1.702         | -            | -            |
|        | Drawn at 9.10%                   | 7.708         | 1.179         | 1.415         | -            | -            |
|        | Drawn at 9.00%                   | 8.189         | 7.506         | 10.443        | -            | -            |
|        | Drawn at 8.80%                   | 2.356         | -             | -             | -            | -            |
|        | Drawn at 8.75%                   | 0.150         | 0.570         | 0.990         | 1.260        | -            |
|        | Drawn at 8.50%                   | 0.150         | -             | -             | -            | -            |
|        | Drawn at 8.50%                   | -             | -             | 0.010         | 0.040        | 0.060        |
|        | Drawn at 6.75%                   | -             | -             | 0.015         | 0.036        | 0.066        |
|        | Drawn at 6.00%                   | -             | -             | -             | -            | -            |
|        | - From NABARD (Refinance - WDF)  | 1.450         | 1.957         | 1.779         | 0.289        | -            |
|        | Drawn at 6.00%                   | 1.305         | 1.740         | 1.490         | -            | -            |
|        | Drawn at 4.00%                   | 0.145         | 0.217         | 0.289         | 0.289        | -            |
|        | - From NABARD (Refinance - PODF) | -             | -             | 3.917         | -            | -            |
|        | Drawn at 10.00%                  | -             | -             | 3.917         | -            | -            |
|        | <b>Total in</b>                  | <b>47.360</b> | <b>39.721</b> | <b>28.248</b> | <b>1.625</b> | <b>0.126</b> |



# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

(Rs. in Cr.)

### Note : 4 Other Long Term Liabilities

| Sr. No | Particulars          | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--------|----------------------|---------|---------|---------|---------|---------|
| 1      | Subsidy Reserve Fund | 6.755   | 6.841   | 0.258   | 0.210   | 0.141   |
|        | Total in `           | 6.755   | 6.841   | 0.258   | 0.210   | 0.141   |

(Rs. in Cr.)

### Note : 5 Other Current Liabilities

| Sr. No | Particulars   | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--------|---|---------|---------|---------|---------|---------|
| 1      | Accrued Interest on Refinance                         | 0.525   | 0.590   | 0.443   | 0.014   | 0.001   |
| 2      | Accrued Interest on Refinance - WDF                   | 0.063   | 0.085   | 0.058   | 0.004   | -       |
| 3      | Interest received in Advance                          | 0.001   | -       | -       | 0.000   | -       |
| 4      | Grant - Livelihood Consultant & Livelihood Specialist | 0.039   | 0.014   | -       | -       | -       |
| 5      | Synoptic Systems                                      | 0.005   | -       | -       | -       | -       |
|        | Total in `  | 0.633   | 0.689   | 0.501   | 0.019   | 0.001   |

(Rs. in Cr.)

### Note : 6 Short Term Provisions

| Sr. No | Particulars                       | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--------|-----------------------------------|---------|---------|---------|---------|---------|
| 1      | Provision for Income Tax          | 0.524   | 0.911   | 0.545   | 0.467   | 0.297   |
| 2      | Interest Suspense                 | 1.126   | 0.816   | 0.361   | 0.123   | 0.115   |
| 3      | Provision for Expenses            | 0.174   | 0.149   | 0.072   | 0.037   | 0.027   |
| 4      | Provision for Standard Assets     | 0.150   | 0.110   | 0.101   | 0.020   | 0.014   |
| 5      | Provision for Sub-Standard Assets | 0.648   | 0.444   | -       | -       | -       |
| 6      | Provision for Doubtful Assets     | 1.337   | 0.740   | -       | -       | -       |
| 7      | Provision for Loss Assets         | -       | 0.125   | -       | -       | -       |
|        | Total in `                        | 3.958   | 3.296   | 1.079   | 0.648   | 0.453   |



# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

Note : 7 Fixed Asset

(Rs. in Cr.)

| Sr. No | Particulars                                 | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|---|--------------|--------------|--------------|--------------|--------------|
| I      | <b>Tangible Assets</b>                      |              |              |              |              |              |
| 1      | Furnitures & Fixtures                       | 0.007        | 0.008        | 0.005        | 0.003        | 0.003        |
| 2      | Vehicles (Cars)                             | 0.011        | 0.014        | 0.018        | 0.025        | 0.033        |
| 3      | Office Equipment                            | 0.009        | 0.012        | 0.014        | 0.011        | 0.012        |
| 4      | Computer                                    | 0.034        | 0.023        | 0.017        | 0.003        | 0.003        |
| 5      | Library                                     |              |              | 0.001        | 0.001        | 0.001        |
| 6      | Interiors                                   | 0.017        | 0.011        | 0.022        | 0.033        | 0.043        |
|        | <b>SUB TOTAL (A)</b>                        | <b>0.077</b> | <b>0.068</b> | <b>0.078</b> | <b>0.075</b> | <b>0.095</b> |
| II     | <b>Intangible Assets</b>                    | -            | -            | -            | -            | -            |
|        | <b>SUB TOTAL (B)</b>                        | -            | -            | -            | -            | -            |
| III    | <b>Capital Work-in-progress</b>             |              |              |              |              |              |
| 1      | Building Under Construction                 | -            | -            | -            | -            | -            |
|        | <b>SUB TOTAL (C)</b>                        | -            | -            | -            | -            | -            |
| IV     | <b>Intangible Assets Under Development</b>  | -            | -            | -            | -            | -            |
|        | <b>SUB TOTAL (D)</b>                        | -            | -            | -            | -            | -            |
|        | <b>Total [A + B + C + D] (Current Year)</b> | <b>0.077</b> | <b>0.068</b> | <b>0.078</b> | <b>0.075</b> | <b>0.095</b> |
|        | <b>(Previous Year)</b>                      | <b>0.068</b> | <b>0.078</b> | <b>0.075</b> | <b>0.095</b> | <b>0.123</b> |



# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

(Rs. in Cr.)

### Note : 8 Long Term Loans and Advances

| Sr. No | Particulars  | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--------|--|---------|---------|---------|---------|---------|
|        | Loans & Advances from related parties  |         |         |         |         |         |
|        | a) Secured, Considered Good :  |         |         |         |         |         |
|        | <b>Term Loans &amp; Working Capital</b>  |         |         |         |         |         |
|        | Standard   | 60.816  | 50.622  | 40.704  | 8.141   | 5.645   |
|        | Sub-Standard   | 7.450   | 5.470   | 4.045   | 0.863   | 0.216   |
|        | Less: Provision for Bad Debts  | -       | 0.444   | 0.372   | 0.081   | 0.017   |
|        | Doubtful   | 7.012   | 5.025   | 3.673   | 0.782   | 0.199   |
|        | Less: Provision for Bad Debts  | -       | 4.117   | 0.324   | 0.651   | 0.440   |
|        | Loss Assets  | -       | 0.740   | 0.060   | 0.179   | 0.116   |
|        | Less: Provision for Loss Asset   | -       | 3.377   | 0.264   | 0.473   | 0.324   |
|        |  | -       | 0.125   | 0.125   | -       | 0.180   |
|        |  | -       | 0.125   | 0.125   | -       | 0.180   |
|        |  | 75.278  | 59.025  | 44.641  | 9.395   | 6.167   |
|        | b) Unsecured, Considered Good :  |         |         |         |         |         |
|        | <i>Advance Recoverable in cash or in kind or for value to be considered good</i> | -       | -       | -       | 0.000   | 0.002   |
|        | Misc. Advances   | -       | 0.000   | 0.000   | 0.000   | 0.000   |
|        | Rent Advance   | 0.004   | 0.000   | 0.006   | 0.008   | 0.001   |
|        | Salary Advance   | 0.006   | 0.010   | -       | -       | -       |
|        | Vehicle Loan to Employees  | 0.001   | 0.015   | -       | -       | -       |
|        | Advances   | 75.288  | 59.050  | 44.647  | 9.404   | 6.171   |
|        | <b>Total in</b>  |         |         |         |         |         |

(Rs. in Cr.)

### Note : 9 Other Non Current Assets

| Sr. No | Particulars                           | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|--------|---------------------------------------|---------|---------|---------|---------|---------|
| 1      | <b>Income tax</b>                     | -       | -       | -       | -       | -       |
|        | Prepaid Taxes                         | 0.3800  | 0.6450  | 0.3700  | 0.1255  | 0.0705  |
| 2      | <b>TDS</b>                            | 0.2656  | 0.2545  | 0.2464  | 0.5017  | 0.4460  |
|        | TDS on Interest from Deposits         | -       | -       | 0.0011  | 0.0017  | 0.0017  |
|        | TDS on Front end Fee                  | 0.0227  | 0.0252  | 0.0334  | 0.0524  | 0.0139  |
|        | TDS on Interest on Loans and Advances | -       | -       | -       | -       | -       |
| 3      | <b>Deposits</b>                       | 0.0005  | 0.0005  | 0.0005  | 0.0006  | 0.0005  |
|        | Telephone Deposits                    | 0.0001  | 0.0001  | 0.0001  | 0.0001  | 0.0001  |
|        | Cylinder Deposit                      | -       | -       | -       | -       | -       |
|        | <b>Total in</b>                       | 0.6689  | 0.9253  | 0.6515  | 0.6819  | 0.5327  |



## AGRI BUSINESS FINANCE LIMITED

### NOTES ON ACCOUNTS

**Note : 10 Cash & Cash Equivalent**

(Rs. in Cr.)

| Sr. No | Particulars            | 2014-15       | 2013-14        | 2012-13       | 2011-12       | 2010-11       |
|--------|------------------------|---------------|----------------|---------------|---------------|---------------|
| 1      | <b>Cash-in-Hand</b>    |               |                |               |               |               |
|        | Cash Balance           | 0.2002        | 0.0004         | 0.0005        | 0.0005        | 0.0001        |
|        | <b>Sub Total (A)</b>   | 0.2002        | 0.0004         | 0.0005        | 0.0005        | 0.0001        |
| 2      | <b>Bank Balance</b>    |               |                |               |               |               |
|        | 1. In Current Account  | 0.0442        | 0.3095         | 0.1129        | 0.0427        | 0.0124        |
|        | 2. In Deposit Accounts | 4.5686        | 10.6968        | 5.4832        | 5.2135        | 6.2125        |
|        | <b>Sub Total (B)</b>   | 4.6127        | 11.0064        | 5.5962        | 5.2562        | 6.2249        |
|        | <b>Total [ A + B ]</b> | <b>4.8129</b> | <b>11.0068</b> | <b>5.5966</b> | <b>5.2566</b> | <b>6.2250</b> |

**Note : 11 Other Current Assets**

(Rs. in Cr.)

| Sr. No | Particulars              | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|--------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | <b>Accrued Interest</b>  |              |              |              |              |              |
|        | On Deposits              |              |              |              |              |              |
|        | On Term Loans            | 0.236        | 0.239        | 0.129        | 0.120        | 0.127        |
|        | On Working Capital Loans | 0.004        | 0.004        | 0.003        | 0.003        | 0.003        |
| 2      | Prepaid Expenses         |              |              |              |              |              |
|        | <b>Total in</b>          | <b>0.240</b> | <b>0.243</b> | <b>0.132</b> | <b>0.122</b> | <b>0.129</b> |



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# AGRI BUSINESS FINANCE LIMITED

## NOTES ON ACCOUNTS

### Note : 12 Revenue from Operations

(Rs. in Cr.)

| Sr. No | Particulars                 | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Interest on Term Loan       | 5.190        | 4.831        | 2.410        | 0.651        | 0.109        |
| 2      | Interest on Working Capital | 0.180        | 0.605        | 0.147        | 0.112        | 0.140        |
| 3      | Interest on WDF             | 0.087        | 0.134        | 0.084        |              |              |
| 4      | Front end fee               | 0.118        | 0.181        | 0.325        | 0.075        | 0.046        |
| 5      | Ledger Folio Charges        | 0.007        | 0.007        | 0.007        |              |              |
|        | <b>Total in</b>             | <b>5.582</b> | <b>5.758</b> | <b>2.973</b> | <b>0.838</b> | <b>0.295</b> |

### Note : 13 Other Income

(Rs. in Cr.)

| Sr. No | Particulars              | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|--------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Interest on FDR's        | 0.530        | 0.487        | 0.458        | 0.539        | 0.563        |
| 2      | Other Receipts           | 0.002        | 0.010        | 0.005        | 0.001        | -            |
| 3      | Interest on Vehicle Loan | 0.001        | 0.000        |              |              |              |
|        | <b>Total in</b>          | <b>0.533</b> | <b>0.497</b> | <b>0.464</b> | <b>0.540</b> | <b>0.563</b> |

### Note : 14 Employment Benefit Expenses

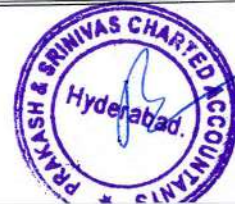
(Rs. in Cr.)

| Sr. No | Particulars                          | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Salaries, Wages, PF                  | 0.446        | 0.379        | 0.340        | 0.267        | 0.178        |
| 2      | Staff Welfare Expenses               | 0.005        | 0.003        | 0.003        | 0.004        | 0.004        |
| 3      | Conveyance Allowance                 | 0.047        | 0.035        | 0.041        | 0.040        | 0.031        |
| 4      | Gratuity                             | 0.015        | 0.013        | 0.011        | 0.011        | 0.007        |
| 5      | Leave Salary & Leave Fare Concession | 0.030        | 0.017        | 0.023        | 0.017        | 0.010        |
|        | <b>Total in</b>                      | <b>0.543</b> | <b>0.448</b> | <b>0.418</b> | <b>0.338</b> | <b>0.231</b> |

### Note : 15 Financial Cost

(Rs. in Cr.)

| Sr. No | Particulars                 | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Interest Rebate             | 0.000        | -            | 0.016        | 0.008        | 0.001        |
| 2      | Interest on Refinance       | 3.351        | 2.478        | 1.121        | 0.020        | 0.007        |
| 3      | Interest on Refinance - WDF | 0.091        | 0.109        | 0.061        | 0.004        | -            |
| 4      | Interest on Refinance - WRF | -            | 0.264        | 0.015        |              | -            |
| 5      | Interest on TDS             | 0.000        |              |              |              | 0.001        |
| 6      | Interest on Demand Loan     |              |              | 1.213        | 0.032        | 0.009        |
|        | <b>Total in</b>             | <b>3.443</b> | <b>2.851</b> | <b>1.213</b> | <b>0.032</b> | <b>0.009</b> |





## AGRI BUSINESS FINANCE LIMITED

### NOTES ON ACCOUNTS

#### Note : 16 Depreciation & Amortised Cost

(Rs. in Cr.)

| Sr. No | Particulars              | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|--------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Depreciation             | 0.036        | 0.027        | 0.023        | 0.023        | 0.027        |
| 2      | Preliminary Expenses W/O | -            | -            | -            | -            | -            |
|        | <b>Total in</b>          | <b>0.036</b> | <b>0.027</b> | <b>0.023</b> | <b>0.023</b> | <b>0.027</b> |

#### Note : 17 Other Administrative Expenses

(Rs. in Cr.)

| Sr. No | Particulars                 | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Rent                        | 0.059        | 0.048        | 0.060        | 0.040        | 0.040        |
| 2      | Directors sitting fee       |              | -            | -            | 0.000        | 0.000        |
| 3      | Travelling expenses         | 0.033        | 0.020        | 0.014        | 0.004        | 0.005        |
| 4      | Electricity charges         | 0.010        | 0.009        | 0.006        | 0.004        | 0.003        |
| 5      | Insurance Premium           | 0.007        | 0.005        | 0.005        | 0.004        | 0.004        |
| 6      | Repairs and Maintenance     | 0.001        | 0.002        | 0.002        | 0.001        | 0.000        |
| 7      | Printing & Stationery       | 0.006        | 0.008        | 0.006        | 0.004        | 0.002        |
| 8      | Postage & Telegrammes       | 0.003        | 0.003        | 0.002        | 0.001        | 0.001        |
| 9      | Telephone Expenses          | 0.005        | 0.005        | 0.005        | 0.005        | 0.006        |
| 10     | Rates & Taxes               | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        |
| 11     | ROC Fee                     | 0.003        | 0.003        | 0.004        | 0.001        | 0.002        |
| 12     | Office Maintenance          | 0.019        | 0.016        | 0.012        | 0.009        | 0.010        |
| 13     | News Papers & Subscriptions | 0.001        | 0.003        | 0.002        | 0.000        | 0.000        |
| 14     | Bank Charges                | 0.001        | 0.001        | 0.000        | 0.000        | 0.000        |
| 15     | Maintenance of Vehicles     | 0.010        | 0.010        | 0.008        | 0.006        | 0.004        |
| 16     | Entertainment Expenses      | 0.009        | 0.002        | 0.002        | 0.002        | 0.001        |
| 17     | Professional fees           | 0.024        | 0.025        | 0.015        | 0.016        | 0.011        |
| 18     | General expenses            | 0.022        | 0.023        | 0.007        | 0.006        | 0.002        |
| 19     | Audit fee                   | 0.008        | 0.008        | 0.003        | 0.003        | 0.003        |
| 20     | Advertisement Expenses      | 0.001        | 0.001        | 0.004        | -            | -            |
| 21     | Board Meeting Expenses      | 0.003        | 0.004        | 0.002        | -            | -            |
| 22     | Consultancy charges         | -            | -            | 0.001        | 0.001        | -            |
| 23     | Donations                   | 0.003        | -            | -            | -            | -            |
| 24     | Service Tax                 | 0.001        | 0.001        | 0.001        | 0.001        | 0.000        |
| 25     | Honararium                  | 0.014        | 0.023        | 0.009        | 0.007        | 0.002        |
| 26     | Income Tax 2011-12          | 0.004        | -            | -            | -            | -            |
| 27     | Loss on Discarded Assets    | 0.002        | 0.001        | 0.000        | -            | 0.001        |
|        | <b>Total in</b>             | <b>0.247</b> | <b>0.219</b> | <b>0.169</b> | <b>0.115</b> | <b>0.096</b> |

#### Note : 18 Other Expenses

(Rs. in Cr.)

| Sr. No | Particulars                        | 2014-15      | 2013-14      | 2012-13      | 2011-12      | 2010-11      |
|--------|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1      | Provison for Non Performing Assets | 1.191        | 0.764        | 0.471        | 0.127        | 0.060        |
| 2      | Provison for Standard Assets       | 0.083        | 0.053        | 0.092        | 0.013        | 0.014        |
|        | <b>Total in</b>                    | <b>1.274</b> | <b>0.817</b> | <b>0.563</b> | <b>0.139</b> | <b>0.075</b> |



**STATEMENT OF CASH FLOWS**

(Rs. in Cr.)

| Particulars   | 2014-15        | 2013-14       | 2012-13        | 2011-12       | 2010-11       |
|---|----------------|---------------|----------------|---------------|---------------|
| <b>(a) Cash flow from Operating Activities</b>                      |                |               |                |               |               |
| Net profit as per Profit and Loss a/c before tax                    | 0.86           | 1.95          | 1.24           | 0.78          | 1.34          |
| Adjustment for:   |                |               |                |               |               |
| Depreciation  | 0.04           | 0.03          | 0.02           | 0.02          | 0.03          |
| <b>Operating profit before working capital changes</b>              | <b>0.90</b>    | <b>1.98</b>   | <b>1.26</b>    | <b>0.80</b>   | <b>1.36</b>   |
| Adjustment for net change in:                                       |                |               |                |               |               |
| Current Assets  | 0.26           | (0.38)        | 0.02           | (0.14)        | (0.15)        |
| Current liabilities   | (0.15)         | 7.68          | 0.96           | 0.28          | (0.48)        |
| Increase / Decrease in Loans and Advances                           | (14.25)        | (14.40)       | (35.24)        | (3.23)        | (2.45)        |
| <b>Cash generated from operating activities</b>                     | <b>(13.25)</b> | <b>(5.13)</b> | <b>(33.00)</b> | <b>(2.29)</b> | <b>(1.71)</b> |
| Payment towards Income tax  | (0.52)         | (0.91)        | (0.55)         | (0.17)        | (0.10)        |
| Taxes of earlier years provided                                     | (0.01)         | (0.00)        | -              | -             | -             |
| <b>Net cash flow from operating activities (A)</b>                  | <b>(13.78)</b> | <b>(6.05)</b> | <b>(33.55)</b> | <b>(2.46)</b> | <b>(1.81)</b> |
| <b>(b) Cash flow from Investing Activities</b>                      |                |               |                |               |               |
| Income from Investment  | -              | -             | -              | -             | -             |
| Purchase of Fixed Assets  | (0.05)         | (0.02)        | (0.03)         | (0.00)        | -             |
| Sale of Fixed Assets  | 0.00           | 0.00          | 0.00           | 0.00          | 0.00          |
| Increase / Decrease in Investments                                  | -              | -             | -              | -             | -             |
| <b>Net cash used in Investing activities (B)</b>                    | <b>(0.05)</b>  | <b>(0.02)</b> | <b>(0.03)</b>  | <b>(0.00)</b> | <b>0.00</b>   |
| <b>(c) Cash flow from Financing Activities</b>                      |                |               |                |               |               |
| Proceeds of Bonds / Shares  | -              | -             | 7.29           | -             | -             |
| Increase / Decrease in Borrowings                                   | 7.64           | 11.47         | 26.62          | 1.50          | 0.03          |
| Share Application money refunded                                    | (0.01)         | -             | -              | -             | -             |
| <b>Net cash raised from financing activities (C)</b>                | <b>7.63</b>    | <b>11.47</b>  | <b>33.91</b>   | <b>1.50</b>   | <b>0.03</b>   |
| <b>Net increase in cash and cash equivalent (A)+(B)+(C)</b>         | <b>(6.19)</b>  | <b>5.41</b>   | <b>0.34</b>    | <b>(0.97)</b> | <b>(1.78)</b> |
| Cash and cash equivalent at the beginning of the period             | 11.01          | 5.60          | 5.26           | 6.23          | 8.00          |
| <b>Cash and cash equivalent at the end of the period</b>            | <b>4.81</b>    | <b>11.01</b>  | <b>5.60</b>    | <b>5.26</b>   | <b>6.23</b>   |
| <b>Cash and cash equivalent at the end of the period includes :</b> |                |               |                |               |               |
| Cash in hand  | 0.20           | 0.00          | 0.00           | 0.00          | 0.00          |
| Balances with other Banks in India                                  | 4.61           | 11.01         | 5.60           | 5.26          | 6.23          |
| <b>Total</b>  | <b>4.81</b>    | <b>11.01</b>  | <b>5.60</b>    | <b>5.26</b>   | <b>6.23</b>   |



## AGRI BUSINESS FINANCE LIMITED

**Significant Accounting Policies** – Brief for the financial years ended (31<sup>st</sup> March 2015,2014,2013,2012 and 2011)

1. **Accounting Convention:**  
The accompanying financial statements have been prepared on the historical cost basis and conform to the Generally Accepted Accounting Practices and statutory provisions, except as otherwise stated.
2. **Investments:**  
Investments are valued at lower cost or market value.
3. **Advances and Provisions for doubtful debts:**  
All the advances have been classified into performing and Non-performing Advances and Provision for probable loan losses has been made as per the guidelines issued by the Reserve Bank of India.
4. **Fixed Assets:**  
Fixed Assets have been accounted for at their historical costs.
5. **Depreciation:**  
  
Depreciation has been provided on Fixed Assets on Written Down Value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. However from the year 2014-15, the Depreciation has been provided as per the new Companies Act, 2013.
6. **Revenue Recognition:**
  - a) Interest on Loans & Advances is recognized on accrual basis except in the case of non-performing advances, where in interest is accounted on realization.
  - b) Revenue is not recognized until fully realized in respect of Liquidated damages, interest on irregular Loans & Advances and other charges as recovery of these amounts is not certain.
7. **Retirement Benefits:**  
Provision for gratuity has been calculated as per the Deputation terms and conditions communicated by the respective organizations.
8. **Taxes on Income:**  
Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences being the

difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## AGRI BUSINESS FINANCE LIMITED

Notes on Accounts - Brief for five years - Ending March 2011,2012,2013,2014 and 2015

- i. There are no contingent liabilities in any of the years.
- ii. During the year 2014-15 the name of the company has been changed to Agri Business Finance Limited from Agri Business Finance (AP) Limited.
- iii. The administrative expenses include Auditors remuneration as under:

| Year    | Auditors fee |
|---------|--------------|
| 2010-11 | 67000.00     |
| 2011-12 | 67000.00     |
| 2012-13 | 73000.00     |
| 2013-14 | 75000.00     |
| 2014-15 | 75000.00     |

- iv. Provision for taxation has been calculated on the basis of income recognised as per RBI guidelines for NBFC. The tax on the income from NPAs will be provided as and when actually received.
- v. Subsidy Reserve Fund represents the direct subsidy received from Gol (through NABARD) in respect of dairy projects, Rural Godown projects and Sheep rearing units subject to satisfactory repayment of the term loan sanctioned to the borrowers,
- vi. As per Accounting Standard 22 “Accounting for taxes on Income” the company has recorded the Deferred Tax Asset of Rs 16020907/- (Net) as at 31 March 2015. It includes Deferred Tax Asset of Rs 3314394/- for the year ended 31 March 2015 provided at the applicable rate for the assessment year 2015-16 by credit to Profit & Loss Account.
- vii. The company has made a provision of Rs 12737485 /- towards Non Performing Assets and Standard Assets as on 31 March 2015 .
- viii. Other Non Current Assets include amounts shown as TDS on Interest from Deposits and Loans and Advances amounting to Rs 2142398/- representing the

excess of Income Tax paid after adjusting the tax payable pertaining to the earlier years and hence receivable from the Income Tax department .

- ix. The remuneration to the Managing Director during the last five years is as under:

| Year    | Amount in Rupees |
|---------|------------------|
| 2010-11 | 1444401          |
| 2011-12 | 2175400          |
| 2012-13 | 2433799          |
| 2013-14 | 2533254          |
| 2014-15 | 2957517          |

- x. There have been no claims against the company not acknowledged as debt.
- xi. Statutory Reserve Fund stood at Rs 13051000/- as on 31 March 2015 and it has been created under Section 45IC of the RBI Act 1934 @ 20% on Profit as per Profit and Loss Account.
- xii. There has been no expenditure on Foreign Currency during the previous five years .
- xiii. Every year the previous year's figures have been regrouped wherever necessary.
- xiv. Figures have been rounded off to the nearest rupee.

**Agri Business Finance Limited**  
**Statement of Accounting Ratios**

Annexure - VII

| Particulars  | 2015  | 2014  | 2013  | 2012  | 2011  |
|--|-------|-------|-------|-------|-------|
| Earning Per Share (Basic/Diluted) (Rs.)  | 0.37  | 0.72  | 0.45  | 0.59  | 0.88  |
| Return on Net Worth (%)  | 0.03  | 0.06  | 0.04  | 0.05  | 0.07  |
| Net Asset Value per equity share (Rs.)   | 13.20 | 12.84 | 12.12 | 12.79 | 12.20 |
| Weighted Average No. of equity shares outstanding during the period (in crore) | 1.816 | 1.816 | 1.33  | 1.087 | 1.087 |
| Total No. of share outstanding at the end of the year/period (in crore)        | 1.82  | 1.82  | 1.82  | 1.09  | 1.09  |
| Debt Equity Ratio  | 1.97  | 1.70  | 1.28  | 0.12  | 0.01  |

Notes

The Ratios have computed as below :

|  |   |   |
|--|---|---|
| Earning per Share (Rs.)                | = | Profir after Tax/ No. of equity Shares at the end of the year                             |
| Return on Net Worth (%)                | = | Profir after Tax/ Net worth at the end of the year  |
| Net Asset Value per equity share (Rs.) | = | Net worth at the end of the year/ No. of equity Shares outstanding at the end of the year |
| Debt Equity Ratio                      | = | Total Debt Outstanding at the end of the year / Net worth at the end of the year          |



# VINAY JAIN & ASSOCIATES

## CHARTERED ACCOUNTANTS

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(R) 26854213, (M) 9811228611  
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Ref. No. ....

Dated 19/2/2016

### INDEPENDENT AUDITOR'S REPORT

The Board of Members  
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT  
Plot C-24, G Block, Bandra Kurla Complex,  
BKC Road, Bandra East, Mumbai,  
Maharashtra 400051

Dear Sir,

**AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF NABARD CONSULTANCY SERVICES PRIVATE LIMITED IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ("NABARD" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO. 59/2015/ F.No.178/ 27/2015-ITA-I DATED JULY 06, 2015 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, and GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2015-2016 ("ISSUE")**

We have examined the reformatted financial information of **NABARD Consultancy Services Private Limited** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter nos. No. NABCONS CO./1425 / Auditor / 2015-16 dated 16 February, 2016, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited





unconsolidated financial statements of the Company for the year ended 31st March 2015, 2014, 2013, 2012 and 2011, which have been audited by the following Auditors:

| For Financial Year | Name of the Auditor |
|--------------------|---------------------|
| 2014-15            | S P Puri & Co       |
| 2013-14            | SNH & Associates    |
| 2012-13            | Santosh Gupta & Co. |
| 2011-12            | Santosh Gupta & Co. |
| 2010-11            | Santosh Gupta & Co. |

We have placed reliance on the audit reports of these auditor's for the respective years.

### 1. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Prospectus and Prospectus (collectively referred to as "offer document") of the NABARD, are the responsibility of the company's management. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

### 2. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 — Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2015, 2014, 2013, 2012 and 2011, and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, or anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

### 3 Financial Information as per Audited Financial Statements

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2011 to 31st March, 2015 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2011 to 31st March, 2015 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the



financial years from 31st March, 2011 to 31st March, 2015 (Annexure III), and Schedules/Notes forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as '**Reformatted Financial Statements**'.

Based on our examination of these Reformatted Financial Statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.
- ii. The Reformatted Financial Information of the Company has been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.
- iii. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2015. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.
- iv. The Company has declared dividends for each of the years ended 31<sup>st</sup>March, 2015, 31<sup>st</sup>March, 2014, 31<sup>st</sup>March 2013, 31<sup>st</sup>March, 2012 and 31<sup>st</sup>March, 2011 as follows:
- v.

| Sl. No. | Year    | Amount of Dividend paid to NABARD (Rs. in Lacs) |
|---------|---------|---|
| 1       | 2010-11 | 50.00   |
| 2       | 2011-12 | 50.00   |
| 3       | 2012-13 | 60.00   |
| 4       | 2013-14 | 60.00   |
| 5       | 2014-15 | 60.00   |

- vi. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers. Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".
- vii. There are no qualifications in the auditor's report on financial statements as on and for the years ended 31<sup>st</sup> March 2015, 2014, 2013, 2012 and 2011.



4. *Attention is drawn to the following:*

*The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate, and adjustment of amounts arising out of auditor's qualifications.*

*For Financial year ending March 2011, March 2012 & March 2013, some of the line items of assets viz. Non-Current Bank Balances, fixed deposits etc, items appearing under current assets (as per old classification), could not be classified properly as Current or Non-Current by the management of the company as the information available is not sufficient to determine the normal operating cycle and the other criteria set out in Revised Schedule VI to the Companies Act, 1956. In such cases classification of line items have been done as per the old schedule VI only and the same have been treated as Current assets and liabilities. The figures for the financial 2010-11, 2011-12 and 2012-13 are not comparable to the figures of financial Year 2013-14 to 2014-15 to that extent.*

5. **Other Reformatted Financial Information of the Company:**

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus (es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31<sup>st</sup>March, 2015 2014, 2013, 2012 and 2011 annexed to this report:

- i. Statements of Accounting Ratios as at and for each of the years ended 31<sup>st</sup> March, 2015, 31<sup>st</sup> March, 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 (Annexure VII)

6. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, *subject to para 4* above, the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

7. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.



8. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the NABARD, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
9. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.

**For Vinay Jain & Associates**  
Chartered Accountants  
Firm Regn. No. 04085N

**Vinay Kumar Jain**  
Partner  
Membership no.080163



**Place:** New Delhi  
**Date:** 19.02.2016

Statement of Assets & Liabilities

| Particulars |  | Note No. | As at 31 March, 2015<br>(Amount in Rupees) | As at 31 March, 2014<br>(Amount in Rupees) | As at 31 March, 2013<br>(Amount in Rupees) | As at 31 March, 2012<br>(Amount in Rupees) | As at 31 March, 2011<br>(Amount in Rupees) |
|-------------|--|----------|--|--|--|--|--|
| <b>A</b>    | <b>EQUITY AND LIABILITIES</b>                    |          |  |  |  |  |  |
| 1           | <b>Shareholders' Funds</b>                       |          |  |  |  |  |  |
|             | (a) Share Capital                                | 1        | 50,000,000                                 | 50,000,000                                 | 50,000,000                                 | 50,000,000                                 | 50,000,000                                 |
|             | (b) Reserves and Surplus                         | 2        | 517,749,037                                | 422,632,614                                | 349,719,673                                | 276,588,909                                | 218,541,783                                |
|             | (c) Money received against Share Warrants        |          | -  | -  | -  | -  | -  |
|             | <b>TOTAL (I)</b>                                 |          | <b>567,749,037</b>                         | <b>472,632,614</b>                         | <b>399,719,673</b>                         | <b>326,588,909</b>                         | <b>268,541,783</b>                         |
| 2           | <b>Share Application money pending Allotment</b> |          | -  | -  | -  | -  | -  |
| 3           | <b>Non-Current Liabilities</b>                   |          |  |  |  |  |  |
|             | (a) Long-Term Borrowings                         |          | -  | -  | -  | -  | -  |
|             | (b) Deferred Tax Liabilities (net)               | 3        | -  | 289,798                                    | -  | -  | -  |
|             | (c) Other long-Term Liabilities                  |          | -  | -  | -  | -  | -  |
|             | (d) Long-Term Provisions                         |          | -  | -  | -  | -  | -  |
|             | <b>TOTAL (II)</b>                                |          | <b>-</b>                                   | <b>289,798</b>                             | <b>-</b>                                   | <b>-</b>                                   | <b>-</b>                                   |
| 4           | <b>Current Liabilities</b>                       |          |  |  |  |  |  |
|             | (a) Short-Term Borrowings                        |          | -  | -  | -  | -  | -  |
|             | (b) Trade Payables                               | 4        | 9,112,629                                  | 8,965,383                                  | 15,276,395                                 | 6,893,693                                  | 8,741,728                                  |
|             | (c) Other Current Liabilities                    | 5        | 406,621,265                                | 895,810,515                                | 83,235,295                                 | 20,192,878                                 | 577,786,157                                |
|             | (d) Short-Term Provisions                        | 6        | 8,545,387                                  | 10,793,682                                 | 45,973,350                                 | 37,877,500                                 | 35,330,438                                 |
|             | <b>TOTAL (III)</b>                               |          | <b>424,279,282</b>                         | <b>915,569,580</b>                         | <b>144,485,040</b>                         | <b>64,964,071</b>                          | <b>621,858,323</b>                         |
|             | <b>TOTAL (I+II+III)</b>                          |          | <b>992,028,318</b>                         | <b>1,388,491,993</b>                       | <b>544,204,713</b>                         | <b>391,552,980</b>                         | <b>890,400,106</b>                         |
| <b>B</b>    | <b>ASSETS</b>                                    |          |  |  |  |  |  |
| 1           | <b>Non-Current Assets</b>                        |          |  |  |  |  |  |
|             | (a) Fixed Assets                                 |          |  |  |  |  |  |
|             | (i) Tangible Assets                              | 7        | 2,224,989                                  | 4,560,070                                  | 3,993,436                                  | 2,466,160                                  | 1,414,087                                  |
|             | (ii) Intangible Assets                           | 7        | -  | -  | -  | 115,261                                    | 249,011                                    |
|             | (iii) Capital Work-In-Progress                   |          | -  | -  | -  | -  | -  |
|             | (iv) Intangible Assets under Development         |          | -  | -  | -  | -  | -  |
|             | (v) Fixed Assets held for Sale                   |          | -  | -  | -  | -  | -  |
|             | <b>TOTAL (I)</b>                                 |          | <b>2,224,989</b>                           | <b>4,560,070</b>                           | <b>3,993,436</b>                           | <b>2,581,421</b>                           | <b>1,663,098</b>                           |
|             | (b) Non-Current Investments                      | 8        | -  | -  | -  | 1,000,000                                  | 1,000,000                                  |
|             | (c) Deferred Tax Assets (net)                    | 3        | 27,038                                     | -  | 345,406                                    | 347,665                                    | 127,671                                    |
|             | (d) Long-Term Loans and Advances                 |          | -  | -  | -  | -  | -  |
|             | (e) Other Non-Current Assets                     | 9        | 41,625,680                                 | 70,000,000                                 | -  | -  | -  |
|             | <b>TOTAL (II)</b>                                |          | <b>41,652,716</b>                          | <b>70,000,000</b>                          | <b>345,406</b>                             | <b>1,347,665</b>                           | <b>1,127,671</b>                           |
| 2           | <b>Current assets</b>                            |          |  |  |  |  |  |
|             | (a) Current Investments                          |          | -  | -  | -  | -  | -  |
|             | (b) Inventories                                  |          | -  | -  | -  | -  | -  |
|             | (c) Trade Receivables                            | 10       | 344,273,587                                | 253,828,776                                | 195,094,005                                | 92,429,159                                 | 67,632,106                                 |
|             | (d) Cash and Bank Balances                       | 11       | 548,138,418                                | 1,018,021,860                              | 273,476,051                                | 240,133,918                                | 779,451,511                                |
|             | (e) Short-Term Loans and Advances                | 12       | 33,843,580                                 | 23,640,398                                 | 10,065,104                                 | 3,570,227                                  | 4,976,323                                  |
|             | (f) Other Current Assets                         | 13       | 21,895,029                                 | 20,440,888                                 | 61,230,711                                 | 51,490,590                                 | 35,549,397                                 |
|             | <b>TOTAL (III)</b>                               |          | <b>948,150,613</b>                         | <b>1,313,931,922</b>                       | <b>539,865,871</b>                         | <b>387,623,894</b>                         | <b>887,609,337</b>                         |
|             | <b>TOTAL (I+II+III)</b>                          |          | <b>992,028,318</b>                         | <b>1,388,491,993</b>                       | <b>544,204,713</b>                         | <b>391,552,980</b>                         | <b>890,400,106</b>                         |



**NABARD Consultancy Services Private Limited**  
**Statement of Profit & Loss**

| Particulars |   | Note No. | As at 31 March, 2015<br>(Amount in Rupees) | As at 31 March, 2014<br>(Amount in Rupees) | As at 31 March, 2013<br>(Amount in Rupees) | As at 31 March, 2012<br>(Amount in Rupees) | As at 31 March, 2011<br>(Amount in Rupees) |
|-------------|---|----------|--|--|--|--|--|
| 1           | Income  |          |  |  |  |  |  |
|             | Revenue from Operations (Gross)   | 14       | 313,497,056                                | 256,984,405                                | 225,304,894                                | 173,691,565                                | 148,102,531                                |
|             | Less: Excise Duty   |          | -  | -  | -  | -  | -  |
|             | Revenue from Operations (Net)   |          | 313,497,056                                | 256,984,405                                | 225,304,894                                | 173,691,565                                | 148,102,531                                |
| 2           | Other Income  | 15       | 36,256,429                                 | 29,193,715                                 | 32,154,827                                 | 31,657,201                                 | 24,873,600                                 |
| 3           | <b>Total Revenue (1+2)</b>  |          | <b>349,753,485</b>                         | <b>286,178,120</b>                         | <b>257,459,721</b>                         | <b>205,348,766</b>                         | <b>172,976,130</b>                         |
| 4           | Expenses  |          |  |  |  |  |  |
|             | Cost of Materials Consumed  |          | -  | -  | -  | -  | -  |
|             | Purchases of Stock-In-Trade   |          | -  | -  | -  | -  | -  |
|             | Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade     |          | -  | -  | -  | -  | -  |
|             | Employee Benefits Expenses  | 16       | 106,113,551                                | 78,241,060                                 | 61,940,491                                 | 52,756,440                                 | 34,965,212                                 |
|             | Finance Costs   | 17       | 1,226,064                                  | 370,744                                    | -  | -  | -  |
|             | Depreciation and Amortisation Expenses  |          | 2,087,807                                  | 834,873                                    | 664,331                                    | 434,318                                    | 176,144                                    |
|             | Other Expenses  |          | 77,759,607                                 | 87,084,038                                 | 75,748,526                                 | 55,950,885                                 | 50,387,091                                 |
|             | <b>Total Expenses</b>   |          | <b>187,187,029</b>                         | <b>166,530,715</b>                         | <b>138,353,348</b>                         | <b>109,141,643</b>                         | <b>85,528,447</b>                          |
| 5           | <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b> |          | <b>162,566,455</b>                         | <b>119,647,405</b>                         | <b>119,106,373</b>                         | <b>96,207,123</b>                          | <b>87,447,684</b>                          |
| 6           | Extraordinary Items / Exceptional Item  |          | -  | -  | -  | -  | -  |
|             | Prior Period Items  |          | 1,531,186                                  | 784,081                                    | -  | -  | -  |
| 7           | <b>Profit / (Loss) Before Tax (5-6)</b>   |          | <b>161,035,269</b>                         | <b>118,863,324</b>                         | <b>119,106,373</b>                         | <b>96,207,123</b>                          | <b>87,447,684</b>                          |
| 8           | Tax Expense:  |          |  |  |  |  |  |
|             | Current Tax   |          | 56,251,700                                 | 39,000,000                                 | 39,000,000                                 | 30,904,000                                 | 29,505,264                                 |
|             | Earlier year  |          | 1,731,221                                  | 50,208                                     | -  | 502,491                                    | -  |
|             | Deferred tax  |          | 41,121                                     | -73,175                                    | 2,259                                      | -219,994                                   | -136,455                                   |
|             | <b>Total Tax Expense</b>  |          | <b>58,024,042</b>                          | <b>38,977,033</b>                          | <b>39,002,259</b>                          | <b>31,186,497</b>                          | <b>29,368,809</b>                          |
| 9           | <b>Profit for the Year</b>  |          | <b>103,011,227</b>                         | <b>79,886,291</b>                          | <b>80,104,114</b>                          | <b>65,020,626</b>                          | <b>58,078,875</b>                          |
| 10          | Earning Per Share (Face Value of Rs.10 each)                                      |          |  |  |  |  |  |
|             | Basic (In Rupees)   |          | 20.60                                      | 15.98                                      | 16.02                                      | 13.00                                      | 11.62                                      |
|             | Diluted (In Rupees)   |          | 20.60                                      | 15.98                                      | 16.02                                      | 13.00                                      | 11.62                                      |



**NABARD Consultancy Services Private Limited**

**Statement of Cash Flow**

| Particular   | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 | For the year ended 31 March 2012 | For the year ended 31 March 2011 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>A. Cash flow from operating activities</b>                          |                                  |                                  |                                  |                                  |                                  |
| <b>Net Profit / ( Loss) before extraordinary items and tax</b>         | 161,035,269                      | 118,863,324                      | 119,106,373                      | 96,207,123                       | 87,447,684                       |
| Depreciation and amortisation  | 2,087,807                        | 834,873                          | 664,331                          | 434,318                          | 176,144                          |
| Operating Profit / (Loss) before working capital changes               | 163,123,076                      | 119,698,197                      | 119,770,704                      | 96,641,441                       | 87,623,828                       |
| <b>Changes in Working capital:</b>                                     |                                  |                                  |                                  |                                  |                                  |
| Adjustments for (increase) / decrease in operating assets:             |                                  |                                  |                                  |                                  |                                  |
| Inventories  |                                  |                                  |                                  | -                                | -                                |
| Trade receivables  | -90,444,811                      | -58,734,771                      | -102,664,846                     | -24,797,053                      | -24,177,336                      |
| Short-term loans and advances  | -10,203,182                      | -13,575,294                      | -6,494,877                       | 1,406,096                        | -3,133,421                       |
| Long-term loans and advances   | 0                                | 0                                | 1,000,000                        | -                                | -                                |
| Other current assets   | -6,532,029                       | 11,401,890                       | -4,507,773                       | -7,827,654                       | -6,192,681                       |
| Adjustments for (increase) / decrease in operating liabilities:        |                                  |                                  |                                  |                                  |                                  |
| Trade Payables   | 147,246                          | -6,299,712                       | 8,382,702                        | -1,848,035                       | 4,372,399                        |
| Other current liabilities  | -489,189,250                     | 812,563,921                      | 63,042,417                       | -557,593,279                     | 351,701,523                      |
| Other long-term liabilities  | 0                                | 0                                | -                                | -                                | -                                |
| Short-term Provisions  | 0                                | 0                                | -                                | -                                | -                                |
| Long-term provisions   | 0                                | 0                                | -                                | -                                | -                                |
| Deferred Tax Effect  | 0                                | 708,379                          | -                                | -                                | -                                |
| Cash flow from extraordinary items                                     | 0                                | 0                                | -                                | 0                                | -                                |
| Cash generated from operations   | -433,098,949                     | 865,762,610                      | 78,528,327                       | -494,018,483                     | 410,194,312                      |
| Net income tax (Paid)/ refunds   | -55,379,617                      | -44,841,943                      | -36,136,499                      | -38,116,030                      | -20,401,720                      |
| <b>Net cash flow from / (used in ) operating activities (A)</b>        | <b>-488,478,566</b>              | <b>820,920,667</b>               | <b>42,391,828</b>                | <b>-532,134,513</b>              | <b>389,792,591</b>               |
| <b>B. Cash flow from investing activities</b>                          |                                  |                                  |                                  |                                  |                                  |
| Capital expenditure on fixed assets, including Capital advances        | -805,846                         | -1,401,507                       | -2,076,346                       | -1,352,641                       | -898,779                         |
| Decrease in Fixed Deposits   | 5,409,195                        | -                                | -                                | -                                | -                                |
| <b>Net cash flow from / (used in ) investing activities (B)</b>        | <b>4,603,349</b>                 | <b>-1,401,507</b>                | <b>-2,076,346</b>                | <b>-1,352,641</b>                | <b>-898,779</b>                  |
| <b>C. Cash flow from financing activities</b>                          |                                  |                                  |                                  |                                  |                                  |
| Dividends Paid   | -6,000,000                       | -6,000,000                       | -6,000,000                       | -5,000,000                       | -5,000,000                       |
| Tax on dividend  | -973,350                         | -973,350                         | -973,350                         | -830,438                         | -830,438                         |
| <b>Net cash flow from / (used in ) financing activities ( C )</b>      | <b>-6,973,350</b>                | <b>-6,973,350</b>                | <b>-6,973,350</b>                | <b>-5,830,438</b>                | <b>-5,830,438</b>                |
| <b>Net increase / (decrease ) in Cash and cash equivalents (A+B+C)</b> | <b>-490,848,567</b>              | <b>870,490,530</b>               | <b>33,342,132</b>                | <b>-539,317,592</b>              | <b>383,063,374</b>               |
| Cash and cash equivalents at the beginning of the year                 | 908,176,860                      | 37,686,330                       | 240,133,918                      | 779,451,511                      | 396,388,137                      |
| <b>Cash and cash equivalents at the end of the year</b>                | <b>417,328,293</b>               | <b>908,176,860</b>               | <b>273,476,051</b>               | <b>240,133,918</b>               | <b>779,451,511</b>               |



## Note 1 Share Capital

| Particulars                                  | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| (a) Authorised<br>Equity shares of Rs10 each | 250,000,000          | 250,000,000          | 250,000,000          | 250,000,000          | 250,000,000          |
| (b) Issued, Subscribed & Fully Paid up       | 50,000,000           | 50,000,000           | 50,000,000           | 50,000,000           | 50,000,000           |
|  | 50,000,000           | 50,000,000           | 50,000,000           | 50,000,000           | 50,000,000           |
| <b>Total</b>                                 | <b>50,000,000</b>    | <b>50,000,000</b>    | <b>50,000,000</b>    | <b>50,000,000</b>    | <b>50,000,000</b>    |

## Note 2 Reserves and Surplus

| Particulars   | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| (i) General Reserve   |                      |                      |                      |                      |                      |
| Balance as per last financial statements  | 48,076,821           | 40,088,192           | 32,077,781           | 25,575,718           | 19,767,830           |
| Add: Amount transferred from Surplus balance in Statement of Profit and Loss  | 10,301,123           | 7,988,629            | 8,010,411            | 6,502,063            | 5,807,887            |
| Closing Balance   | <b>58,377,943</b>    | <b>48,076,821</b>    | <b>40,088,192</b>    | <b>32,077,781</b>    | <b>25,575,718</b>    |
| (ii) NABCONS Development Fund   |                      |                      |                      |                      |                      |
| Balance as per last financial statements  | 20,000,000           | 17,500,000           | 15,000,000           | 12,500,000           | 10,000,000           |
| Add: Amount transferred from Surplus balance in Statement of Profit and Loss  | 2,500,000            | 2,500,000            | 2,500,000            | 2,500,000            | 2,500,000            |
| Closing Balance   | <b>22,500,000</b>    | <b>20,000,000</b>    | <b>17,500,000</b>    | <b>15,000,000</b>    | <b>12,500,000</b>    |
| (iii) Surplus / (Deficit) in Statement of Profit and Loss   |                      |                      |                      |                      |                      |
| Balance as per last financial statements  | 354,555,794          | 292,131,482          | 229,511,129          | 180,466,065          | 136,525,516          |
| Add: Profit for the year  | 103,011,227          | 79,886,291           | 80,104,114           | 65,020,626           | 58,078,875           |
| Less: Adjustment of Depreciation charge of Rs. 1053121.00. As per Schedule II to the Companies Act 2013, net of deferred tax liability of Rs. 357956.00 | 695,185              |                      |                      |                      |                      |
| Less: Appropriations  |                      |                      |                      |                      |                      |
| Proposed dividend   | 6,000,000            | 6,000,000            | 6,000,000            | 6,000,000            | 5,000,000            |
| Tax on Proposed Dividend  | 1,199,640            | 973,350              | 973,350              | 973,500              | 830,438              |
| Transfer to general reserves  | 10,301,123           | 7,988,629            | 8,010,411            | 6,502,062            | 5,807,887            |
| Transfer to NABCONS Development Fund  | 2,500,000            | 2,500,000            | 2,500,000            | 2,500,000            | 2,500,000            |
| <b>Net surplus in the statement of Profit and Loss</b>  | <b>436,871,093</b>   | <b>354,555,794</b>   | <b>292,131,482</b>   | <b>229,511,129</b>   | <b>180,466,065</b>   |
| <b>Total reserve and surplus</b>  | <b>Total (a+b+c)</b> | <b>517,749,037</b>   | <b>422,632,614</b>   | <b>349,719,673</b>   | <b>276,588,909</b>   |
|   |                      |                      |                      |                      |                      |
|   |                      |                      |                      |                      |                      |





NABARD Consultancy Services Private Limited  
 Note-3 Deffered Tax Asset/Liability (NET)

| Particulars                               | AS AT<br>31st March, 2015<br>Rs. | AS AT<br>31st March, 2014<br>Rs. | AS AT<br>31st March, 2013<br>Rs. | AS AT<br>31st March, 2012<br>Rs. | AS AT<br>31st March 2011<br>Rs. |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------|
| <b>Deferred tax asset/liability (net)</b> |                                  |                                  |                                  |                                  |                                 |
| <b>Deferred tax liability</b>             |                                  |                                  |                                  |                                  |                                 |
| Depreciation                              | 123,433                          | 289,798                          | (345,406)                        | (347,665)                        | (136,455)                       |
|   | -                                |                                  |                                  |                                  |                                 |
| <b>Gross deferred tax liability</b>       | <b>123,433</b>                   | <b>289,798</b>                   | <b>(345,406)</b>                 | <b>(347,665)</b>                 | <b>(136,455.16)</b>             |
| <b>Deferred tax assets</b>                |                                  |                                  |                                  |                                  |                                 |
|   |                                  |                                  | -                                |                                  |                                 |
|   |                                  |                                  | -                                |                                  |                                 |
| Provision for doubtful debt               | 150,469                          |                                  |                                  |                                  | -                               |
| <b>Gross deferred tax asset</b>           | <b>150,469</b>                   | <b>-</b>                         | <b>-</b>                         | <b>-</b>                         | <b>8,784</b>                    |
|   |                                  |                                  |                                  |                                  |                                 |
| <b>Net deferred tax asset/(liability)</b> | <b>27,036</b>                    | <b>(289,798)</b>                 | <b>345,406</b>                   | <b>347,665</b>                   | <b>127,671</b>                  |
|   |                                  |                                  |                                  |                                  |                                 |



**Note 4 Trade Payables**

| Particulars   | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March 2011 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
|   | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees    |
| Trade Payables:<br>( Dues to Micro & Small Enterprises) | 9,112,629            | 8,965,383            | 15,276,395           | 6,893,693            | 8,741,728           |
| <b>Total</b>  | <b>9,112,629</b>     | <b>8,965,383</b>     | <b>15,276,395</b>    | <b>6,893,693</b>     | <b>8,741,728</b>    |

**Note 5 Other Current Liabilities**

| Particulars                    | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March 2011 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
|                                | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees    |
| Security Deposits Received     | 100,000              | -                    | -                    | -                    | -                   |
| Advance received from customer | 20,219,270           | 8,571,126            | 8,048,171            | 9,987,874            | 31,117,610          |
| Amount payable to NABARD       | 36,773,304           | 34,518,276           | 44,016,812           | 5,994,000            | 17,392,720          |
| Taxes Payables                 | 2,327,109            | 1,587,832            | 3,141,812            | 4,211,004            | 8,031,327           |
| Other Payables                 | 347,201,583          | 851,133,281          | 28,028,500           | -                    | 521,244,500         |
| <b>Total</b>                   | <b>406,621,265</b>   | <b>895,810,515</b>   | <b>83,235,295</b>    | <b>20,192,878</b>    | <b>577,786,157</b>  |

**Note 6 Short-Term Provisions**

| Particulars              | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                          | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| Provision for Tax        | 1,345,747            | 3,820,332            | 39,000,000           | 30,904,000           | 29,500,000           |
| Proposed equity dividend | 6,000,000            | 6,000,000            | 6,000,000            | 6,000,000            | 5,000,000            |
| Corporate Dividend Tax   | 1,199,640            | 973,350              | 973,350              | 973,500              | 830,438              |
| <b>Total</b>             | <b>8,545,387</b>     | <b>10,793,682</b>    | <b>45,973,350</b>    | <b>37,877,500</b>    | <b>35,330,438</b>    |



**NABARD Consultancy Services Private Limited**

**Note 7**

| <b>(A) Tangible Assets</b>         |                   |                   |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | <b>Net Block</b>  |                   |                   |                   |                   |
| <b>As at</b>                       | <b>31.03.2015</b> | <b>31.03.2014</b> | <b>31.03.2013</b> | <b>31.03.2012</b> | <b>31.03.2011</b> |
| Computer                           | 1,550,406         | 3,748,195         | <b>3,085,573</b>  | 1,727,418         | 694,608           |
| Office Equipment                   | 124,803           | 240,360           | <b>472,899</b>    | 410,278           | 366,005           |
| Furniture and Fixtures             | 549,780           | 571,515           | <b>434,964</b>    | 328,464           | 353,474           |
| <b>Sub Total</b>                   | <b>2,224,989</b>  | <b>4,560,070</b>  | <b>3,993,436</b>  | <b>2,466,160</b>  | <b>1,414,087</b>  |
| Add: Capital Work-in-Progress      | -                 | -                 | -                 | -                 | -                 |
| <b>Total Tangible Assets (A)</b>   | <b>2,224,989</b>  | <b>4,560,070</b>  | <b>3,993,436</b>  | <b>2,466,160</b>  | <b>1,414,087</b>  |
| <b>(B) Intangible Assets</b>       |                   |                   |                   |                   |                   |
| Computer Software                  | -                 | -                 | -                 | 115,261           | 249,011           |
| <b>Total Intangible Assets (B)</b> | -                 | -                 | -                 | <b>115,261</b>    | <b>249,011</b>    |
| <b>TOTAL (A+B)</b>                 | <b>2,224,989</b>  | <b>4,560,070</b>  | <b>3,993,436</b>  | <b>2,581,421</b>  | <b>1,663,098</b>  |



**Note 8 Other Non Current Investments**

| Particulars               | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| Non-current bank balances | -                    | -                    | -                    | 1,000,000            | 1,000,000            |
| <b>Total</b>              | -                    | -                    | -                    | <b>1,000,000</b>     | <b>1,000,000</b>     |

**Note 9 Other Non Current Assets (unsecured, considered good)**

| Particulars               | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| Non-current bank balances | 41,625,680           | 70,000,000           | -                    | -                    | -                    |
| <b>Total</b>              | <b>41,625,680</b>    | <b>70,000,000</b>    | -                    | -                    | -                    |

**Note 10 Trade Receivables (unsecured, considered good)**

| Particulars   | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| <b>Receivables outstanding for a period Exceeding Six Month from the date they are due for payment:</b> |                      |                      |                      |                      |                      |
| Considered good   | 163,077,177          | 125,517,281          | 51,408,081           | 20,059,547           | 32,255,656           |
| Considered Doubtful   | 1,780,924            | 1,838,037            | -                    | -                    | -                    |
|   | 164,858,101          | 127,355,318          | 51,408,081           | 20,059,547           | 32,255,656           |
| Less : Provision for doubtful trade receivable  | 1,780,924            | 1,838,037            | -                    | -                    | -                    |
| <b>Sub Total (a)</b>  | <b>163,077,177</b>   | <b>125,517,281</b>   | <b>51,408,081</b>    | <b>20,059,547</b>    | <b>32,255,656</b>    |
| <b>Other Receivables (unsecured, considered good)</b>   | 181,196,410          | 128,311,495          | 143,685,924          | 72,369,612           | 35,376,450           |
|   | -                    | -                    | -                    | -                    | -                    |
| <b>Sub Total (b)</b>  | <b>181,196,410</b>   | <b>128,311,495</b>   | <b>143,685,924</b>   | <b>72,369,612</b>    | <b>35,376,450</b>    |
| <b>Total (a+b)</b>  | <b>344,273,587</b>   | <b>253,828,776</b>   | <b>195,094,005</b>   | <b>92,429,159</b>    | <b>67,632,106</b>    |



**NABARD Consultancy Services Private Limited**  
**Note 11 Cash and Bank Balances**

| Particulars  | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| <b>Cash and Cash Equivalents</b>   |                      |                      |                      |                      |                      |
| Balances with banks  |                      |                      |                      |                      |                      |
| (i) In current accounts  | 352,467,006          | 856,868,227          | 32,008,902           | 5,706,274            | 526,229,666          |
| (ii) In EEFC accounts  | 2,413,609            | 10,515,637           | 5,187,011            | 4,883,390            | 31,078               |
| (iii) Kenya Dollar Account (BOI)   |                      |                      | 490,417              | 351,258              | 634,410              |
| (iv) Fixed Deposits with original maturity of upto 3 Months                | 62,447,678           | 40,792,996           | -                    | -                    | -                    |
|  | <b>417,328,293</b>   | <b>908,176,860</b>   | <b>37,686,330</b>    | <b>10,940,922</b>    | <b>526,895,154</b>   |
| <b>Other Bank Balances</b>   |                      |                      |                      |                      |                      |
| Fixed Deposit with original Maturity more than 3 months but upto 12 months | 97,000,000           | 92,669,000           | 212,096,725          | 160,192,996          | 252,556,357          |
| Fixed Deposit with original Maturity of more than 12 months                | 41,625,680           | 70,000,000           | 23,692,996           | 70,000,000           | 1,000,000            |
| <b>Balances with Bank held as Margin Money/ Security</b>                   | 33,810,125           | 15,176,000           |                      |                      |                      |
|  | <b>172,435,805</b>   | <b>177,845,000</b>   | <b>235,789,721</b>   | <b>230,192,996</b>   | <b>253,556,357</b>   |
| Amount disclosed under non-current assets & non - current Investment       | -41,625,680          | -70,000,000          | -                    | (1,000,000)          | (1,000,000)          |
| <b>Total</b>   | <b>548,138,418</b>   | <b>1,016,021,860</b> | <b>273,476,051</b>   | <b>240,133,918</b>   | <b>779,451,511</b>   |



| Particulars  | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     | Amount in Rupees     |
| <b>Security Deposits</b>                             |                      |                      |                      |                      |                      |
| Secured, Considered good                             | -                    | -                    | -                    | -                    | -                    |
| Unsecured but Considered good                        | 25,519,682           | 20,181,667           | 3,924,587            | 1,441,000            | 970,582              |
| Doubtful   | -                    | -                    | -                    | -                    | -                    |
| Less : Provision for doubtful Security Deposits      | -                    | -                    | -                    | -                    | -                    |
| <b>Sub Total (a)</b>                                 | <b>25,519,682</b>    | <b>20,181,667</b>    | <b>3,924,587</b>     | <b>1,441,000</b>     | <b>970,582</b>       |
| <b>Other loans and advances</b>                      |                      |                      |                      |                      |                      |
| <b>Advance to Staff:</b>                             |                      |                      |                      |                      |                      |
| Secured, Considered good                             | -                    | -                    | -                    | -                    | -                    |
| Unsecured but Considered good                        | 348,299              | 93,500               | 1,320,844            | 1,320,844            | 1,053,759            |
| Doubtful   | -                    | -                    | -                    | -                    | -                    |
| Less : Provision for doubtful Advance to Staff       | -                    | -                    | -                    | -                    | -                    |
| <b>Sub Total (b)</b>                                 | <b>348,299</b>       | <b>93,500</b>        | <b>1,320,844</b>     | <b>1,320,844</b>     | <b>1,053,759</b>     |
| <b>Receivable from NABARD:</b>                       |                      |                      |                      |                      |                      |
| Secured, Considered good                             | -                    | -                    | -                    | -                    | -                    |
| Unsecured, Considered good                           | 7,842,452            | 3,314,672            | 4,463,188            | -                    | 11,196               |
| Doubtful   | -                    | -                    | -                    | -                    | -                    |
| Less : Provision for doubtful Receivable from NABARD | -                    | -                    | -                    | -                    | -                    |
| <b>Sub Total (c)</b>                                 | <b>7,842,452</b>     | <b>3,314,672</b>     | <b>4,463,188</b>     | <b>-</b>             | <b>11,196</b>        |
| <b>Prepaid Expenses (unsecured, considered good)</b> | <b>133,147</b>       |                      |                      |                      |                      |
| <b>Sub Total (d)</b>                                 | <b>133,147</b>       |                      |                      |                      |                      |
| <b>Other Advances:</b>                               |                      |                      |                      |                      |                      |
| Secured, Considered good                             | -                    | -                    | -                    | -                    | -                    |
| Unsecured, Considered good                           | -                    | 50,559               | 356,485              | 808,383              | 2,940,786            |
| Doubtful   | -                    | -                    | -                    | -                    | -                    |
| Less : Provision for doubtful                        | -                    | -                    | -                    | -                    | -                    |
| <b>Sub Total (e)</b>                                 | <b>-</b>             | <b>50,559</b>        | <b>356,485</b>       | <b>808,383</b>       | <b>2,940,786</b>     |
| <b>Total(a+b+c+d+e)</b>                              | <b>33,843,580</b>    | <b>23,640,398</b>    | <b>10,065,104</b>    | <b>3,570,227</b>     | <b>4,976,323</b>     |



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| <b>Note 13 Other Current Assets</b>                         | <b>As at 31 March, 2015</b> | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> | <b>As at 31 March, 2012</b> | <b>As at 31 March 2011</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>Particulars</b>  | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>    |
| Interest accrued but not due on Fixed Deposit with Bank     | 19,069,815                  | 14,270,277                  | 22,868,657                  | 19,607,444                  | 9,751,190                  |
| Commission Receivable from Mutual Fund                      | 899,775                     | 543,025                     | 536,320                     | 407,134                     | 657,122                    |
| Expenditure Incurred on account of ongoing assignments      | 1,925,439                   | 549,697                     | 3,322,373                   | 2,242,539                   | 4,021,152                  |
| Advance Recoverable in Cash or Kind or Value to be received | -                           | 5,077,889                   | 34,465,822                  | 29,233,473                  | 21,119,933                 |
| Sundry Advance RO   |                             |                             | 37,540                      |                             |                            |
| <b>Total</b>  | <b>21,895,029</b>           | <b>20,440,888</b>           | <b>61,230,711</b>           | <b>51,490,590</b>           | <b>35,549,397</b>          |

| <b>Note 14 Revenue from Operations</b>       | <b>As at 31 March, 2015</b> | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> | <b>As at 31 March, 2012</b> | <b>As at 31 March 2011</b> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>Particulars</b>                           | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>     | <b>Amount in Rupees</b>    |
| <b>Sale of services:</b>                     |                             |                             |                             |                             |                            |
| Income from assignment                       | 266,260,350                 | 243,399,736                 | 215,851,401                 | 139,642,530                 | 133,932,864                |
| Income from international visitors programme | 5,415,000                   | 5,561,981                   | 1,438,763                   | 6,448,059                   | 24,195                     |
| Income from pass through agency commission   | 41,821,706                  | 8,022,688                   | 8,014,730                   | 27,600,976                  | 14,145,472                 |
| <b>Total</b>                                 | <b>313,497,056</b>          | <b>256,984,405</b>          | <b>225,304,894</b>          | <b>173,691,565</b>          | <b>148,102,531</b>         |



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Note 15 Other Income

| Particulars                               | For the year ended<br>31 March, 2015 | For the year ended<br>31 March, 2014 | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 | For the year ended<br>31 March, 2011 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     |
| Mutual fund commission                    | 11,748,399                           | 5,418,831                            | 5,808,311                            | 4,674,074                            | 7,198,095                            |
| Foreign Exchange Gain (NET)               | 53,817                               | 529,395                              | 403,927                              | 555,492                              | -                                    |
| Interest Income                           | 22,933,320                           | 22,364,931                           | 25,510,639                           | 26,227,585                           | 17,612,047                           |
| Miscellaneous Receipts                    | 21,093                               | 133,660                              | 431,950                              | 200,050                              | 63,457                               |
| Other Non-Operating Income                | 1,000,000                            | -                                    | -                                    | -                                    | -                                    |
| Provision no longer required Written Back | 499,800                              | 746,897                              | -                                    | -                                    | -                                    |
| <b>Total-(I+II)</b>                       | <b>36,256,429</b>                    | <b>29,193,715</b>                    | <b>32,154,827</b>                    | <b>31,657,201</b>                    | <b>24,873,600</b>                    |

Note 16 Employee Benefits Expenses

| Particulars                  | For the year ended<br>31 March, 2015 | For the year ended<br>31 March, 2014 | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 | For the year ended<br>31 March, 2011 |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                              | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     |
| Salaries, Wages & allowances | 95,276,690                           | 61,342,955                           | 43,859,667                           | 35,082,909                           | 17,190,323                           |
| Gratuity Expenses            | 1,902,440                            | 1,218,505                            | 1,350,941                            | 910,178                              | 494,000                              |
| Employees welfare expenses   | 8,934,421                            | 15,679,600                           | 16,729,883                           | 16,763,353                           | 17,280,889                           |
| <b>Total</b>                 | <b>106,113,551</b>                   | <b>78,241,060</b>                    | <b>61,940,491</b>                    | <b>52,756,440</b>                    | <b>34,965,212</b>                    |





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**Note 17 Finance Cost**

| Particulars    | For the year ended 31<br>March, 2015 | For the year ended 31<br>March, 2014 | For the year ended 31<br>March, 2013 | For the year ended 31<br>March, 2012 | For the year ended 31<br>March, 2011 |
|----------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     | Amount in Rupees                     |
| Bank Charges   | 641,551                              | 362,888                              | 0                                    | 0                                    | 0                                    |
| Other Interest | 584,513                              | 7,856                                | 0                                    | 0                                    | 0                                    |
| <b>Total</b>   | <b>1,226,064</b>                     | <b>370,744</b>                       | <b>0</b>                             | <b>0</b>                             | <b>0</b>                             |



**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31<sup>ST</sup> MARCH, 2015, 2014, 2013, 2012, 2011)**

**I. Corporate Information**

NABARD Consultancy Services Private Limited, a wholly owned subsidiary of NABARD has been engaging in providing consultancy services in the field of agriculture and rural development. The services rendered include preparation of detailed project reports, conducting monitoring and evaluation studies, taking up capacity building activities, organizing international visitors programme, financial services like distribution of mutual funds and such other matters connected with agriculture and rural development. The services are rendered in India as well as in the developing countries.

National Bank for Agriculture and Rural Development is a statutory corporation formed by NABARD Act 1981. It is a developmental financial institution regulated by Reserve Bank of India.

**II. Significant Accounting Policies**

**A. Accounting Convention**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respect with the notified accounting standards under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

**B. Basis of Accounting :**

Financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the change in accounting policy explained under clause(VI) below.

**C. Use of Estimates :**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**D. 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.


**E. Tangible Fixed Assets and Depreciation:**

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and impairments, if any. Cost comprises of the purchase price, incidental expenses, erection/commissioning expenses and financial charges upto the date the fixed asset is ready for its intended use.

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule II to the Companies Act, 2013.



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Till the year ended 31st March 2014, Schedule XIV to the Companies Act 1956 prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act 2013. The applicability of Schedule II has resulted in the following changes related to the depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Considering the applicability of Schedule II, the management has re-estimated residual values of all its fixed assets and have taken useful life of its fixed assets as prescribed by Schedule II to the Companies Act 2013. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets.

**F. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**G. Intangible Assets and Amortization thereof :**

Intangible assets are recognised and are being written off over a period of four years.

**H. Investments :**

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

**I. Foreign Currency Transactions and Translations:**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- (b) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (c) Any gain or loss on account of exchange differences is recognized in the Statement of Profit & Loss.

**J. Revenue Recognition:**

Income from Services

- (a) **Income from Assignments:** Income from assignments constitute the main source of income for the Company. Recognition of revenue and corresponding expenses incurred on particular assignments are taken into account at the time when the assignments are completed. An assignment is treated as completed :
  - In case of Preparation of DPR as soon as the draft report has been issued to the party.
  - In case of other assignments, where execution is spread over a period, the income has been recognised based on the milestones completed, deliveries effected, status of execution and period completed
  - In case assignment is a time bound contract for more than a year income is recognised in proportion to period completed.
- (b) In case of foreign assignments, the income has been recognised as soon as the assignment is executed.
- (c) As per the view taken by the management, the assignments which are not likely to be continued were closed on "as is where is" basis and the amount received thereon has been treated as income from assignments.



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Company Secretary (A27883)

- (d) Any advance received on progressive basis for ongoing assignments is shown as a separate item as advance received from clients and treated as current liability. The expenses incurred on such assignments are shown as current assets.
- (e) In respect of pass through & monitoring agency assignment, as per terms of agreement, NABCONS is entitled to deduct 1.5% of the amount released at the time of release of each instalment towards professional fees. The income has been recognized at the time of release of each instalment amount.

**K. Other income:**

- (a) In case of interest on fixed deposits, income is recognized on accrual basis.
- (b) In case of commission on distribution of mutual fund investments, commission is recognized on accrual basis.

**L. Employee Benefits:**

- (a) NABCONS is having two types of employees. Firstly the staff deputed from NABARD and secondly Core Contract and Project based staff.

**(b) Employees placed from NABARD:**

For these employees, employees Benefit includes Provident Fund, Superannuation Fund, and Gratuity Fund, Compensated absences, long service awards and post-employment medical benefits.

- 1 (b) The company is a wholly owned subsidiary of NABARD and some of the employees of NABARD have been deputed to the company to carry on the day to day activities on full time basis. Payment to salaries, leave encashment and other benefits are directly paid by NABARD to them. The company received claims from NABARD on periodical basis. Salaries and other reimbursements for such staff were taken into account. NABARD makes provisions relating to PF, gratuity and other allied items. The company is making provision for contribution to NABARD for leavesalary, gratuity and rent for the quarters provided for core staff of the company based on the advice received from NABARD in this regard.

- 2 (b) In connection with staff deputed from NABARD, employee benefit policy as framed by NABARD is applicable which is as under:

**2 (b) Short Term Employee Benefits:**

- (i) The undiscounted amount of short-term employee benefits, such as medical benefits etc. which are expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders the services.

**2 (b) Post Employment Benefits:**

**(ii) Defined Contribution Plan**

NABARD has Provident Fund Scheme in respect of all eligible employees who joined the Bank on or before 31 December 2011. The scheme is managed by RBI. Contribution is recognized on actual basis. The Bank has introduced a New Pension Scheme (NPS) for all the officers/employees who have joined the services of the Bank on or after 01 January 2012. The bank has adopted the "NPS-Corporate Sector Model", a defined contribution plan, as formulated by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution to the fund is made on accrual basis.

**Defined Benefit Plan**

Provision for gratuity is made based on actuarial valuation, made at the end of each financial year based on the projected unit credit method in respect of all eligible employees. The Scheme is refunded by the Bank and is managed by a separate trust. Actuarial gain or loss are recognized in the Profit & Loss Account on accrual basis.



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Anuradha Sharma  
Company Secretary (A27883)

Provision for pension is made based on actuarial valuation, in respect of all eligible employees joined the Bank on or before 31 December 2011. The scheme is funded by the Bank and is managed by a separate trust.

#### **Other Long Term Benefits**

All eligible employees of the bank are eligible for compensated absences. The costs of such long term employee benefits are internally funded by the Bank. The cost of providing other long term benefits is determined using the projected other long term benefits is determined using the projected unit credit method based on actuarial valuations being carried out at each balance sheet date. Actuarial gain or loss are recognized in the Profit and Loss account on accrual basis.

- (c) Utilizing manpower for execution of assignment. From NABARD: Apart from deputing staff who work on full time basis for the company at the head office, NABARD also provides staff support services for execution of assignments. Reimbursement for such temporary deployment of staff by NABARD has been made in the accounts at Rs. 2000/- per man-day. The number of mandays utilized for execution of assignment during the year 2014-15 are 1820 Mandays previous year-1010 mandays). Accordingly, Rs. 36.40 lakh has been accounted for the year 2014-15 (Previous year Rs. 20.20 lakhs). For completed assignments towards temporary deployment of staff by NABARD.
- (d) In connection with core contract and project based staff, NABCONS is following Human Resources policy as approved by Board of Directors. The policy prescribes consolidated pay without any provisions for superannuation benefits.

#### **M. Segment reporting:**

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

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

#### **N. Taxation :**

Taxes on income for the current year are determined on the basis of provisions of Income Tax Act, 1961. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

#### **O. Provisions & Contingencies:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NABARD Consultancy Services Pvt. Ltd.



*Anuradha Sharma*  
Anuradha Sharma  
Company Secretary (A27883)

**P. Earnings Per Share :**

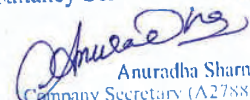
Annualised Basic earning per equity share is arrived at based on net profit/(loss) after taxation to the basic/weighted average number of equity shares.

**Q. Cash and Cash Equivalents :**

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank and in hand and short-term investment with an original maturity of three month or less.



NABARD Consultancy Services Pvt. Ltd.

  
Anuradha Sharma  
Company Secretary (A27883)

NABARD Consultancy Services Private Limited  
 "Notes Forming Part of the Financial Statements"

Note 1 Related Party Transactions

List of Related Parties:

| Name                                     | Relationship      |
|--|-------------------|
| 1) NABARD                                | Holding Company   |
| 2) NABARD Financial Serv                 | Fellow Subsidiary |
| 3) Agri Business Finance                 | Fellow Subsidiary |
| 4) Agri Development Finar                | Fellow Subsidiary |
| 5) Shri Krishan Jindal (CE)              | KMP               |
| 6) Anuradha Sharma<br>(w.e.f 08.01.2015) | KMP               |

Related party transactions

Part A:

Holding company : National Bank for Agriculture and Rural Development

1) Dividend Proposed

(In Rs.)

| For the Year ended | 31st March 2015 | 31st March 2014 | 31st March 2013 | 31st March 2012 | 31st March 2011 |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount             | 60,00,000.00    | 60,00,000.00    | 60,00,000.00    | 60,00,000.00    | 50,00,000.00    |

2) Outstanding balance due to NABARD

(In Rs.)

| For the Year ended   | 31st March 2015   | 31st March 2014   | 31st March 2013   | 31st March 2012   | 31st March 2011   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Amount   |                   |                   |                   |                   |                   |
| 1) Outstanding to NABARD for reimbursement of Staff Payments | 331,80,160        | 215,75,609        | 411,36,811        | 68,93,693         | 100,68,970        |
| 2) Outstanding to NABARD for Assignments Expenses            |                   | 18,29,300         | 28,80,000         | 58,94,000         | 73,23,750         |
| 3) Sundry Creditors NABARD                                   | 85,93,144         | 111,13,367        |                   |                   |                   |
| 4) Provision for Salary Revision                             | 1,90,60,500       |                   |                   |                   |                   |
| 5) Amount Receivable from NABARD                             | 78,42,452         | 89,64,340         | 44,63,188         |                   |                   |
| <b>TOTAL</b>   | <b>529,91,352</b> | <b>255,53,936</b> | <b>395,53,623</b> | <b>128,87,693</b> | <b>173,92,720</b> |



NABARD Consultancy Services Pvt. Ltd

Anuradha Sharma  
 Company Secretary (A27883)

**Part B : Expenses incurred in respect of KMPs/Director**

| For the Year ended | 31st March 2015 | 31st March 2014 | 31st March 2013 | 31st March 2012 | 31st March 2011 |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount             | 36,91,548       | 24,31,795       | 16,59,922       | 24,46,670       | 7,03,851        |
| TOTAL              | 36,91,548       | 24,31,795       | 16,59,922       | 24,46,670       | 7,03,851        |

**Part C: In respect of other directors- Sitting fees Paid**

| For the Year ended | 31st March 2015 | 31st March 2014 | 31st March 2013 | 31st March 2012 | 31st March 2011 |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount             | 1,40,000        | 32,400          | 32,000          | 36,000          | 36,000          |
| TOTAL              | 1,40,000        | 32,400          | 32,000          | 36,000          | 36,000          |



NABARD Consultancy Services Pvt. Ltd.

*Anuradha Sharma*  
Anuradha Sharma  
Company Secretary (A27883)



**Note 2 Earnings in foreign exchange**

| Particulars                        | For the year ended 31 March, 2015<br>Amount in Rupees | For the year ended 31 March, 2014<br>Amount in Rupees | For the year ended 31 March, 2013<br>Amount in Rupees | For the year ended 31 March, 2012<br>Amount in Rupees | For the year ended 31 March, 2011<br>Amount in Rupees |
|------------------------------------|---|---|---|---|---|
| Professional and consultation fees | 24,48,000   | 2,62,211  | 40,43,924   |   |   |
| International visitors programme   | 29,67,000   | 55,61,981   | 14,38,763   | 64,48,058   | 6,32,794  |
|                                    | 54,15,000   | 58,24,192   | 54,82,686   | 64,48,058   | 6,32,794  |

**Note 3 CONTINGENT LIABILITIES**

|                        | For the year ended 31 March, 2015<br>Amount in Rupees | For the year ended 31 March, 2014<br>Amount in Rupees | For the year ended 31 March, 2013<br>Amount in Rupees | For the year ended 31 March, 2012<br>Amount in Rupees | For the year ended 31 March, 2011<br>Amount in Rupees |
|------------------------|---|---|---|---|---|
| (a) Income Tax         |   |   |   |   |   |
| Tax Deducted at Source | 397550  |   |   |   |   |
| Corporate Tax          | 23541030  | 957671  | 0   | 0   | 0   |
| (b) Bank Guarantees    | 33810125  | 15176000  | 0   | 0   | 0   |
|                        |   |   |   |   |   |



NABARD Consultancy Services Pvt. Ltd.

*Anuradha Sharma*  
Anuradha Sharma  
Company Secretary (A27883)

|  |                                      |
|--|--------------------------------------|
| <b>Note 4</b>  | <b>CAPITAL AND OTHER COMMITMENTS</b> |
| <b>Other commitments</b>   |                                      |
| The Company is required to incur an amount of Rs. 22.28 Lacs towards CSR expenditure pursuant to provisions of section 135 of The Companies Act 2013. The Company has formed a CSR committee and has identified areas for CSR activities which are specified in schedule VII of the Companies Act, 2013. An amount of Rs. 5.40 Lacs have been approved for Oddisha project in 50th Board Meeting held on 27th March 2015. No additional funds have been earmarked as CSR reserve for current financial year. |                                      |

**Note 5 Information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars  | For the year ended 31 March, 2015<br>Amount in Rupees | For the year ended 31 March, 2014<br>Amount in Rupees | For the year ended 31 March, 2013<br>Amount in Rupees | For the year ended 31 March, 2012<br>Amount in Rupees | For the year ended 31 March, 2011<br>Amount in Rupees |
|--|---|---|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year   | 0   | 0   | 0   | 0   | 0   |
| The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year  | 0   | 0   | 0   | 0   | 0   |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.  | 0   | 0   | 0   | 0   | 0   |
| The amount of interest accrued and remaining unpaid at the end of each accounting year, and the amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deductible expenditure under Section 23 of the Micro Small and Medium Enterprises Development Act, 2006. | 0   | 0   | 0   | 0   | 0   |

**Note 6 Change in fixed assets policy impact**

Consequent to the adoption of the revised estimation of the useful life of the fixed assets of the Company as stipulate in Schedule II of Companies Act, 2013, with effect from 01st April, 2014, the depreciation for the current year is higher by Rs. 21.8 Lacs. Further, an amount of Rs. 10.53 Lacs has been adjusted against the opening balance of surplus in the statement of profit & loss (net of deferred tax of Rs. 3.57 Lacs) in respect of the residual value of assets where in the remaining useful life has become nil as per Companies Act 2013.



NABARD Consultancy Services Pvt. Ltd.

*Anuradha Sharma*  
Anuradha Sharma  
Company Secretary (A27883)

**Note / Leases**

The company has entered into operating lease agreement with NABARD for its furnished office premises at rate of Rs. 1/- per annum.

**Note 8 Segment Reporting**

| S.No. | Particulars                   | Income from consultancy assignment |             | Professional fees for Pass through and monitoring |           | Commission from mutual funds |         |
|-------|-------------------------------|------------------------------------|-------------|---|-----------|------------------------------|---------|
|       |                               | 2014-15                            | 2013-14     | 2014-15   | 2013-14   | 2014-15                      | 2013-14 |
| 1     | Segment revenue               | 2716,75,350                        | 2489,61,717 | 418,21,706  | 8022688   | 117,48,399                   | 5418831 |
| 2     | Segment results               | 2125,11,469                        | 180314717   | 406,06,313  | 48226880  | 117,08,797                   | 5418831 |
| 3     | Segment assets                | 3454,80,980                        | 255666813   | 3222,07,783                                       | 851134596 | 8,99,775                     | 543025  |
| 4     | Segment liabilities           | 160,16,324                         | 11113367    | 3220,21,091                                       | 851133281 | -                            | -       |
| 5     | Segment Capital expenditure   | 16,41,042                          | 1510276     | -   | -         | -                            | -       |
| 6     | Amortization and Depreciation | 6,33,512                           | 166130      | -   | -         | -                            | -       |
| 7     | Non cash expenses             | 6,33,512                           | 166310      | -   | -         | -                            | -       |
| 8     | Expenses                      | 591,63,881                         | 68647000    | 12,15,393   | 3200000   | 39,602                       | 0       |



NABARD Consultancy Services Pvt. Ltd.

*Anuradha Sharma*  
Anuradha Sharma  
Company Secretary (A27883)

**NABARD Consultancy Services Private Limited**  
**Statement of Accounting Ratios**

**Annexure VII**

| PARTICULARS   | 2015   | 2014  | 2013  | 2012  | 2011  |
|---|--------|-------|-------|-------|-------|
| Earning per share (Basic/Diluted) (₹)   | 20.60  | 15.98 | 16.02 | 13.00 | 11.62 |
| Return on net worth (%)   | 22     | 19    | 25    | 24    | 26    |
| Net asset value per equity share (₹)  | 113.55 | 94.53 | 79.94 | 65.32 | 53.71 |
| Weighted average number of equity shares outstanding during the year / period (in laos) | 50     | 50    | 50    | 50    | 50    |
| Total number of share outstanding at the end of the year / period (in laos)             | 50     | 50    | 50    | 50    | 50    |
| Debt Equity Ratio   | N.A    | N.A   | N.A   | N.A   | N.A   |

Notes:

**The ratios have been computed as below:**

|  |   |   |
|--|---|---|
| Earning per Share                      | = | Profit after tax / Number of equity shares at the end of the year       |
| Return on net worth (%)                | = | Profit after tax / Net Worth  |
| Net asset value per equity share (Rs.) | = | Net worth / Number of equity shares outstanding at the end of the year. |
| Debt equity                            | = | Total Debt outstanding at the end of the year / Net worth               |



## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Members**

NABARD FINANCIAL SERVICES LIMITED,  
# 190, R V Road, Jayanagar 2<sup>nd</sup> Block,  
Bangalore - 560004

Dear Sir,

**AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF NABARD FINANCIAL SERVICES LTD IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL BANK FOR AGRICULTURAL AND RURAL DEVELOPMENT ("NABARD" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO.59/2015/ F.No.178/ 27/2015-ITA-I DATED JULY 06, 2015 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2015- 2016 ("ISSUE")**

1. We have examined the reformatted financial information of NABARD FINANCIAL SERVICES LTD (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and related clarifications in terms of our engagement letter nos. NHAI/11033/Tax Free Bonds/Auditor/2015-16 dated September 4, 2015, in connection with the Authority's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2015, 2014, 2013, 2012 and 2011, which have been audited by the following Auditors:



| <b>For Financial Year</b> | <b>Name of the Auditor</b> |
|---------------------------|----------------------------|
| 2014-15                   | Pillipos & Co.             |
| 2013-14                   | Venkat. Kollai & Murthy    |
| 2012-13                   | Venkat. Kollai & Murthy    |
| 2011-12                   | Venkat. Kollai & Murthy    |
| 2010-11                   | Holla & Co.                |

We have placed reliance on the audit reports of these auditor's for the respective years.

## **2. Management's Responsibility**

The preparation of reformatted financial information which is to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es) (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management which has been approved by the board. Our responsibility is to express an opinion on these reformatted financial information. Board is also responsible for identifying and ensuring that the company complies with the laws and regulations applicable to its activities. Board is also responsible for regrouping / reclassifying the Reformatted Financial Information to correct material regroupings / reclassifications in accordance with Revised Schedule VI of the Companies Act.

## **3. Auditor's Responsibility**

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted

Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2015, 2014, 2013, 2012 and 2011, and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.



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#### 4. Financial Information as per Audited Financial Statements:

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2011 to 31st March, 2015, 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2011 to 31st March, 2015, and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2011 to 31st March, 2015, and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years referred to as '**Reformatted Financial Statements**'.

Based on our examination of these Reformatted Financial Statements, we state that:

- I. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure I, respectively to this report.
- II. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.
- III. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2015. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.
- IV. The Company has not declared any dividends for each of the years ended 31st March, 2015, 31st March, 2014, 31st March 2013, 31st March, 2012, and 31st March, 2011.
- V. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.
- VI. These Reformatted Financial Statements have been prepared in "Rs. in Lacs" for the convenience of the readers. Notes to accounts have been reproduced by the management as it is without converting it into "Rs. in Lacs".
- VII. There are no qualifications in the auditor's report on financial statements as on and for the years ended 31st March 2015, 2014, 2013, 2012, and 2011.



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## 5. Other Reformatted Financial Information of the Company:

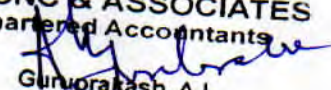
At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2015, 2014, 2013, 2012, and 2011 annexed to this report:

- 1) Statements of Accounting Ratios as at and for each of the years ended 31st March, 2015, 2014, 31st March 2013, 31st March, 2012, 31st March, 2011 (Annexure II).

## 6. Opinion:

In our opinion, and to the best of our information and according to explanations given to us, above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure I, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

7. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.
8. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
9. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.

For SNC & ASSOCIATES  
Chartered Accountants  
  
Guruprakash. A.L.  
Partner  
M.No. 213844

Firm. Registratio, no:

**FRN 328050E**



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**NABARD FINANCIAL SERVICES LIMITED**

# 190, Rashtriya Vidyalaya Road, Jaynagar 2nd Block Bengaluru-560004

**STANDALONE REFORMATTED STATEMENT OF ASSETS & LIABILITIES**

*Rs in lakhs*

| Particulars                       | Note No | AS AT            |                  |                  |                  |                 |
|-----------------------------------|---------|------------------|------------------|------------------|------------------|-----------------|
|                                   |         | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011      |
| <b>I EQUITY AND LIABILITIES</b>   |         |                  |                  |                  |                  |                 |
| <b>1 Shareholders' funds</b>      |         |                  |                  |                  |                  |                 |
| a. Share capital                  | 1       | 15,221.63        | 11,211.63        | 10,451.63        | 4,207.82         | 1,601.00        |
| b. Reserves and surplus           | 2       | 4,577.86         | 2,838.80         | 1,429.84         | 587.14           | 377.05          |
| <b>2 Non-current liabilities</b>  |         |                  |                  |                  |                  |                 |
| a. Long-term borrowings           | 3       | 33,229.48        | 27,498.87        | 22,455.64        | 13,658.29        | 3,378.20        |
| b. Deferred tax liabilities (Net) |         | 10.40            | 5.34             | -                | -                | 0.15            |
| c. Other Long term liabilities    | 4       | 422.42           | 382.88           | 53.80            | 31.48            | 14.44           |
| d. Long-term provisions           | 5       | 312.60           | 605.91           | 75.50            | 27.82            | 12.55           |
| <b>3 Current liabilities</b>      |         |                  |                  |                  |                  |                 |
| a. Short-term borrowings          | 6       | 4,850.38         | 8.87             | -                | -                | -               |
| b. Other current liabilities      | 7       | 33,021.36        | 27,400.70        | 18,998.12        | 8,764.28         | 1,846.57        |
| c. Short-term provisions          | 8       | 2,573.63         | 1,021.32         | 602.44           | 221.47           | 3.48            |
| <b>Total</b>                      |         | <b>94,219.77</b> | <b>70,974.32</b> | <b>54,066.98</b> | <b>27,498.29</b> | <b>7,233.44</b> |
| <b>II ASSETS</b>                  |         |                  |                  |                  |                  |                 |
| <b>1 Non-current assets</b>       |         |                  |                  |                  |                  |                 |
| a. Fixed assets                   |         |                  |                  |                  |                  |                 |
| i. Tangible assets                | 9       | 193.53           | 174.29           | 138.03           | 44.90            | 26.51           |
| ii. Intangible assets             | 10      | 29.30            | 8.18             | 5.74             | 1.36             | 0.39            |
| b. Deferred tax assets (net)      |         | -                | -                | 0.91             | 1.55             | -               |
| c. Long-term loans and advances   | 11      | 21,515.91        | 10,622.08        | 12,963.65        | 4,703.76         | -               |
| d. Other non-current assets       | 12      | 41.01            | 52.01            | 63.01            | 17.93            | -               |
| <b>2 Current assets</b>           |         |                  |                  |                  |                  |                 |
| a. Cash and cash equivalents      | 13      | 11,437.47        | 7,150.00         | 14,607.08        | 8,475.19         | 2,234.33        |
| b. Short-term loans and advances  | 14      | 60,003.49        | 52,370.09        | 25,207.37        | 13,801.60        | 4,891.51        |
| c. Other current assets           | 15      | 999.05           | 597.67           | 1,081.18         | 451.99           | 80.70           |
| <b>Total</b>                      |         | <b>94,219.77</b> | <b>70,974.32</b> | <b>54,066.98</b> | <b>27,498.29</b> | <b>7,233.44</b> |

For **SNC & ASSOCIATES**  
Chartered Accountants

Guruprakash. A.L  
Partner  
M.No. 213844

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**NABARD FINANCIAL SERVICES LIMITED**

# 190, Rashtriya Vidyalaya Road, Jaynagar 2nd Block Bengaluru-560004

**STANDALONE REFORMATTED STATEMENT OF PROFIT & LOSS ACCOUNT**

*Rs in lakhs*

|             |   | FOR THE YEAR ENDED |                  |                 |                 |                 |               |
|-------------|---|--------------------|------------------|-----------------|-----------------|-----------------|---------------|
| Particulars |   | Note No            | 31.03.2015       | 31.03.2014      | 31.03.2013      | 31.03.2012      | 31.03.2011    |
| I.          | Revenue from Operations   | 17                 | 11,488.19        | 8,325.13        | 4,315.93        | 1,717.88        | 220.81        |
| II.         | Other Income  | 18                 | 900.56           | 639.13          | 1,394.45        | 465.58          | 79.50         |
| III.        | <b>Total Revenue (I+II)</b>   |                    | <b>12,388.75</b> | <b>8,964.26</b> | <b>5,710.37</b> | <b>2,183.46</b> | <b>300.31</b> |
| IV.         | <b>Expenses:</b>  |                    |                  |                 |                 |                 |               |
|             | Employee benefit expenses   | 19                 | 852.24           | 645.56          | 429.44          | 219.70          | 67.47         |
|             | Finance costs   | 20                 | 5,567.11         | 3,983.74        | 2,958.59        | 1,085.60        | 91.89         |
|             | Depreciation & Amortization   | 9&10               | 61.82            | 15.82           | 9.06            | 2.47            | 3.11          |
|             | Other expenses  | 21                 | 3,082.78         | 1,937.15        | 1,005.78        | 523.55          | 119.53        |
|             | <b>Total Expenses</b>   |                    | <b>9,563.96</b>  | <b>6,582.27</b> | <b>4,402.88</b> | <b>1,831.32</b> | <b>282.00</b> |
| V.          | <b>Profit before exceptional and extraordinary items and tax (III-IV)</b> |                    | <b>2,824.79</b>  | <b>2,381.99</b> | <b>1,307.50</b> | <b>352.15</b>   | <b>18.31</b>  |
| VI.         | - Exceptional items   |                    | 293.32           | -               | (1.97)          |                 |               |
| VII.        | <b>Profit before extraordinary items and tax (V+IV)</b>                   |                    | <b>3,118.10</b>  | <b>2,381.99</b> | <b>1,305.53</b> | <b>352.15</b>   | <b>18.31</b>  |
| VIII.       | Extraordinary Items   |                    | -                | -               |                 |                 |               |
| IX.         | <b>Profit before tax (VII-VIII)</b>                                       |                    | <b>3,118.10</b>  | <b>2,381.99</b> | <b>1,305.53</b> | <b>352.15</b>   | <b>18.31</b>  |
| X.          | Tax Expense:  |                    |                  |                 |                 |                 |               |
|             | 1. Current Year Tax   |                    | 1,370.39         | 966.45          | 462.16          | 143.76          | 9.21          |
|             | 2. Previous years Tax   |                    | 1.30             | 0.33            | -               | -               | -             |
|             | 3. Deferred Tax   |                    | 5.06             | 6.25            | 0.64            | (1.70)          | 0.47          |
| XI.         | <b>Profit (Loss) for the year from continuing operations (IX-X)</b>       |                    | <b>1,741.35</b>  | <b>1,408.95</b> | <b>842.74</b>   | <b>210.09</b>   | <b>8.63</b>   |
| XVI.        | <b>Earnings per equity share:</b>   |                    |                  |                 |                 |                 |               |
|             | (1) Basic   |                    | 1.04             | 0.95            | 0.94            | 0.59            | 0.05          |
|             | (2) Diluted   |                    | 1.04             | 0.95            | 0.94            | 0.59            | 0.05          |

**For SNC & ASSOCIATES**  
Chartered Accountants


*(Signature)*  
Guruprakash. A.L  
Partner  
M.No. 213844

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**NABARD FINANCIAL SERVICES LIMITED**  
#190, Rashtriya Vidyalaya Road, Jaynagar 2nd Block Bangaluru-560004  
**STANDALONE REFORMATTED CASH FLOW STATEMENT**

Rs in lakhs

| Particulars   | During 2014-15     | During 2013-14     | During 2012-13     | During 2011-12    | During 2010-11    |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| <b>a) Cash flow from Operating Activities</b>                     |                    |                    |                    |                   |                   |
| Profit before tax   | 3,118.12           | 2,381.98           | 1,307.48           | 352.15            | 18.31             |
| <b>Adjustments for :</b>  |                    |                    |                    |                   |                   |
| Depreciation  | 61.82              | 15.82              | 9.06               | 2.47              | 3.11              |
| Provision for Non performing Assets                               | 1,144.38           | 23.70              | 1.37               | 0.22              | -                 |
| Provision for Standard Assets                                     | -                  | 417.19             | 97.05              | 79.55             | 12.13             |
| (Profit) / Loss on sale of Fixed Asset                            | (0.05)             | 0.00               | -                  | 0.12              | 0.08              |
| Non performing assets written off                                 | 0.98               | 0.25               | 0.10               | -                 | -                 |
| Amortization of ROC fee   | 11.00              | 11.00              | 11.00              | -                 | -                 |
| Provision for employee benefits                                   | -                  | -                  | 11.83              | 9.20              | -                 |
| Interest on Fixed Deposit   | (882.33)           | (632.52)           | -                  | -                 | -                 |
| <b>Operating Profit before working capital changes</b>            | <b>3,453.90</b>    | <b>2,217.42</b>    | <b>1,437.89</b>    | <b>443.71</b>     | <b>33.63</b>      |
| <b>Changes in current assets and liabilities</b>                  |                    |                    |                    |                   |                   |
| (Increase) / Decrease in Loans and Advances                       | (17,308.19)        | (24,821.30)        | (19,470.04)        | (13,613.85)       | (4,667.04)        |
| (Increase) / Decrease in Other Current Assets                     | (401.39)           | 1,336.59           | (632.34)           | (389.23)          | (53.95)           |
| Increase / (Decrease) in Liabilities and Provisions               | (849.23)           | 7,973.60           | 10,090.07          | 6,916.40          | 1,817.00          |
| Increase / (Decrease) in Provisions for employee benefits         | -                  | -                  | -                  | 4.02              | 0.42              |
| <b>Cash generated from operating activities</b>                   | <b>(18,558.81)</b> | <b>(15,511.11)</b> | <b>(10,012.31)</b> | <b>(7,082.66)</b> | <b>(2,903.57)</b> |
| Payment towards Income tax  | (1,221.32)         | (853.40)           | (195.62)           | (0.94)            | -                 |
| <b>Net cash flow from operating activities (A)</b>                | <b>(16,326.23)</b> | <b>(14,147.09)</b> | <b>(8,770.04)</b>  | <b>(6,639.89)</b> | <b>(2,869.94)</b> |
| <b>b) Cash flow from Investing Activities</b>                     |                    |                    |                    |                   |                   |
| (Increase) / Decrease of Fixed & Intangible Assets                | (104.63)           | (54.63)            | (106.56)           | (22.01)           | (26.30)           |
| Sale of Fixed Assets  | 0.20               | -                  | -                  | -                 | -                 |
| Interest on Fixed Deposit   | 882.33             | 632.52             | -                  | -                 | -                 |
| <b>Net cash from investing activities (B)</b>                     | <b>777.90</b>      | <b>577.89</b>      | <b>(106.56)</b>    | <b>(22.01)</b>    | <b>(26.30)</b>    |
| <b>(c) Cash flow from Financing Activities</b>                    |                    |                    |                    |                   |                   |
| Proceeds from issue of Shares                                     | 4,010.00           | 760.00             | 6,243.81           | 2,606.82          | 970.00            |
| Increase / (Decrease) in Borrowings                               | 15,825.78          | 5,352.11           | 8,797.35           | 10,280.09         | 3,157.65          |
| Increase / (Decrease) in Deposits                                 | -                  | -                  | 22.33              | 15.80             | 14.44             |
| Grants / contributions received                                   | -                  | -                  | -                  | 0.05              | 0.36              |
| ROC Filing Fee & Stamp duty                                       | -                  | -                  | (55.00)            | -                 | -                 |
| <b>Net cash raised from financing activities (C)</b>              | <b>19,835.78</b>   | <b>6,112.11</b>    | <b>15,008.49</b>   | <b>12,902.76</b>  | <b>4,142.45</b>   |
| <b>Net increase in cash and cash equivalent (A)+(B)+(C)</b>       | <b>4,287.46</b>    | <b>(7,457.08)</b>  | <b>6,131.90</b>    | <b>6,240.86</b>   | <b>1,246.21</b>   |
| Cash and cash equivalent at the beginning of the year             | 7,150.00           | 14,607.08          | 8,475.19           | 2,234.33          | 988.12            |
| <b>Cash and cash equivalent at the end of the year</b>            | <b>11,437.46</b>   | <b>7,150.00</b>    | <b>14,607.09</b>   | <b>8,475.19</b>   | <b>2,234.33</b>   |
| <b>Cash and cash equivalent at the end of the year includes :</b> |                    |                    |                    |                   |                   |
| Cash in hand  | 24.12              | 210.73             | 63.09              | 3.90              | 0.03              |
| Balances with Banks   | 98.28              | 187.34             | 228.73             | 111.29            | 11.74             |
| Deposits  | 11,315.07          | 6,751.93           | 14,315.27          | 8,360.01          | 2,222.56          |
| <b>Total</b>  | <b>11,437.46</b>   | <b>7,150.00</b>    | <b>14,607.09</b>   | <b>8,475.19</b>   | <b>2,234.33</b>   |

**For SNC & ASSOCIATES**  
Chartered Accountants  
  
Guruprakash. A.L.  
Partner  
M.No. 213844

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**NABARD FINANCIAL SERVICES LIMITED**  
Notes forming part of Financial Statement

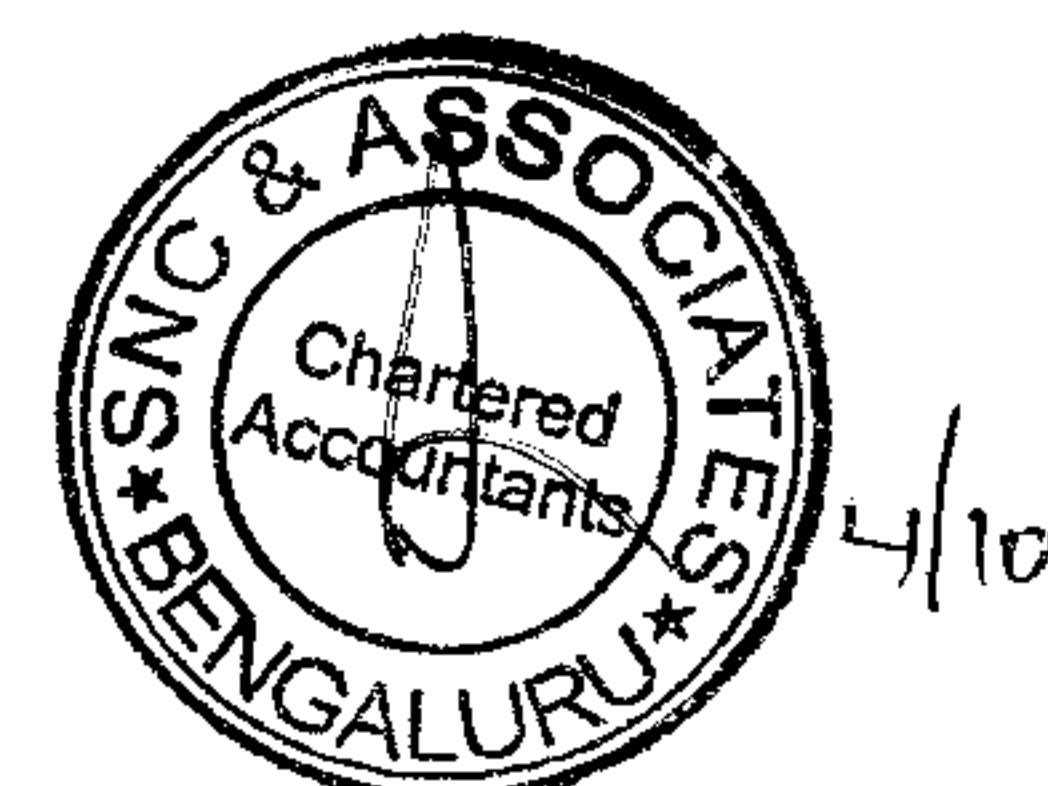
Rs in lakhs

| Note No | Particulars  | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012      | 31.03.2011      |
|---------|--|------------------|------------------|------------------|-----------------|-----------------|
| 1       | <b>Share Capital</b>   |                  |                  |                  |                 |                 |
|         | <b>Authorized Capital</b>  |                  |                  |                  |                 |                 |
|         | 20,00,00,000 Equity Shares of Rs.10/- each<br>(Previous year 20,00,00,000 Equity Shares of Rs.10/- each)                                     | 20,000.00        | 20,000.00        | 20,000.00        | 10,000.00       | 10,000.00       |
|         | Issued,Subscribed & Fully Paid up:<br>15,22,16,307 Equity Share of Rs.10/-each<br>(Previous year 11,21,16,307 Equity shares of Rs.10/- each) | 15,221.63        | 11,211.63        | 10,451.63        | 4,207.82        | 1,601.00        |
|         | <b>TOTAL</b>   | <b>15,221.63</b> | <b>11,211.63</b> | <b>10,451.63</b> | <b>4,207.82</b> | <b>1,601.00</b> |

| 2 | Reserves & Surplus                       |                 |                 |                 |               |               |
|---|--|-----------------|-----------------|-----------------|---------------|---------------|
|   | <b>(a) Other Reserves :</b>              |                 |                 |                 |               |               |
|   | <b>(i) Reserve Fund</b>                  |                 |                 |                 |               |               |
|   | Opening Balance                          | 571.28          | 289.49          | 120.95          | 78.93         | 77.20         |
|   | Additions during the year                | 348.27          | 281.79          | 168.54          | 42.02         | 1.73          |
|   | <b>Sub Total (A)</b>                     | <b>919.55</b>   | <b>571.28</b>   | <b>289.49</b>   | <b>120.95</b> | <b>78.93</b>  |
|   | <b>(ii) Risk Fund</b>                    |                 |                 |                 |               |               |
|   | Opening Balance                          | 200.00          | 100.00          | 25.00           | -             | -             |
|   | Additions during the year                | -               | 100.00          | 75.00           | 25.00         | -             |
|   | <b>Sub Total (B)</b>                     | <b>200.00</b>   | <b>200.00</b>   | <b>100.00</b>   | <b>25.00</b>  | <b>-</b>      |
|   | <b>(b) Surplus</b>                       |                 |                 |                 |               |               |
|   | Opening balance                          | 2,067.52        | 1,040.36        | 441.19          | 298.12        | 291.21        |
|   | Transfer from Statement of Profit & Loss | 1,741.35        | 1,408.95        | 842.71          | 210.09        | 8.64          |
|   | Amount Available for Appropriation       | 3,808.87        | 2,449.31        | 1,283.89        | 508.21        | 299.85        |
|   | Less: Appropriation                      |                 |                 |                 |               |               |
|   | - for Reserve Fund                       | 348.27          | 281.79          | 168.54          | 42.02         | 1.73          |
|   | - for Risk fund                          | -               | 100.00          | 75.00           | 25.00         | -             |
|   | - for fixed assets write off             | 2.30            | -               | -               | -             | -             |
|   | <b>Sub Total (C)</b>                     | <b>3,458.31</b> | <b>2,067.52</b> | <b>1,040.35</b> | <b>441.19</b> | <b>298.12</b> |
|   | <b>GRAND TOTAL (A+B+C)</b>               | <b>4,577.86</b> | <b>2,838.80</b> | <b>1,429.84</b> | <b>587.14</b> | <b>377.05</b> |

| 3 | Long-Term Borrowings                     |                  |                  |                  |                  |                 |
|---|--|------------------|------------------|------------------|------------------|-----------------|
|   | <b>i. Term Loan</b>                      |                  |                  |                  |                  |                 |
|   | a. Loans & Advances from related parties |                  |                  |                  |                  |                 |
|   | Unsecured :                              |                  |                  |                  |                  |                 |
|   | - Refinance Loan From NABARD             | 33,229.48        | 27,498.87        | 22,455.64        | 13,658.29        | 3,378.20        |
|   | <b>Total</b>                             | <b>33,229.48</b> | <b>27,498.87</b> | <b>22,455.64</b> | <b>13,658.29</b> | <b>3,378.20</b> |

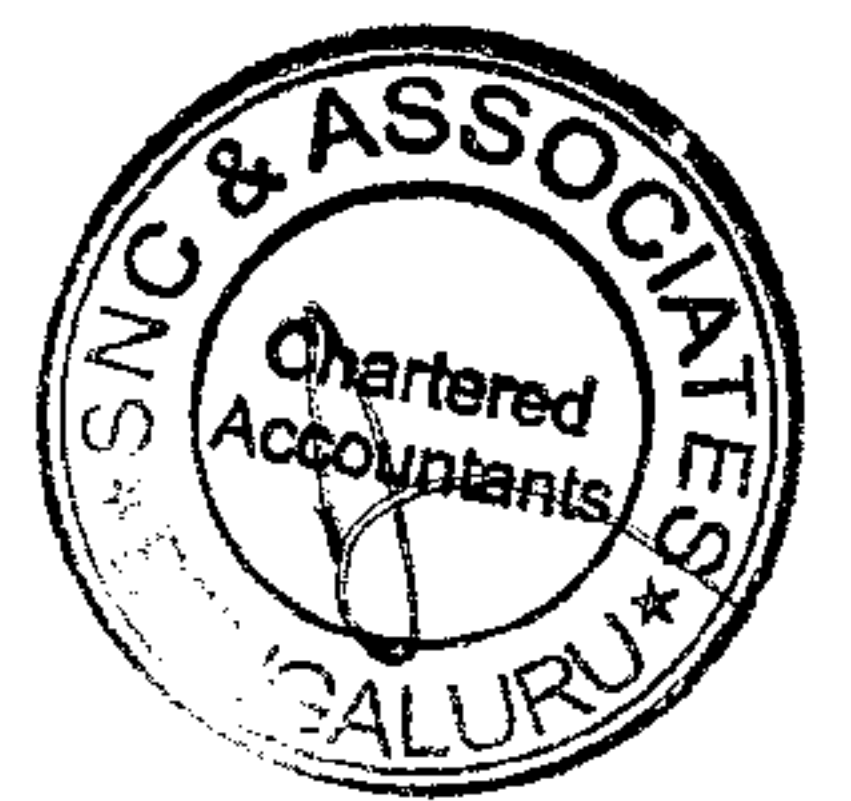
| 4 | Other Long Term liabilities                         |               |               |              |              |              |
|---|---|---------------|---------------|--------------|--------------|--------------|
|   | <b>(a) Others :</b>                                 |               |               |              |              |              |
|   | Security Deposit                                    | 110.54        | 75.42         | 50.09        | 30.24        | 14.44        |
|   | Interest payable on security Deposit                | 11.88         | 7.46          | 3.72         | 1.24         | -            |
|   | Patient Capital from IFAD - Government of Tamilnadu | 300.00        | 300.00        | -            | -            | -            |
|   | <b>Total</b>  | <b>422.42</b> | <b>382.88</b> | <b>53.80</b> | <b>31.48</b> | <b>14.44</b> |



**NABARD FINANCIAL SERVICES LIMITED**  
Notes forming part of Financial Statement

Rs in lakhs

| Note No  | Particulars  | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012      | 31.03.2011      |
|----------|--|------------------|------------------|------------------|-----------------|-----------------|
| <b>5</b> | <b>Long -Term provisions</b>                       |                  |                  |                  |                 |                 |
|          | a. Others :  |                  |                  |                  |                 |                 |
|          | Provision made against Standard Assets             | 312.60           | 605.91           | 64.64            | 23.38           | 12.13           |
|          | b. Provision for Employee Benefits                 | -                | -                | 10.86            | 4.44            | 0.42            |
|          | <b>Total</b>                                       | <b>312.60</b>    | <b>605.91</b>    | <b>75.50</b>     | <b>27.82</b>    | <b>12.55</b>    |
| <b>6</b> | <b>Short - Term borrowings</b>                     |                  |                  |                  |                 |                 |
|          | (a) Loan repayable on demand from                  |                  |                  |                  |                 |                 |
|          | (i) Banks  |                  |                  |                  |                 |                 |
|          | Overdraft & Currents accounts with banks           | 4,850.38         | 8.87             | -                | -               | -               |
|          | (ien on Fixed Deposits)                            | -                | -                | -                | -               | -               |
|          | <b>Total</b>                                       | <b>4,850.38</b>  | <b>8.87</b>      | <b>-</b>         | <b>-</b>        | <b>-</b>        |
| <b>7</b> | <b>Other Current Liabilities</b>                   |                  |                  |                  |                 |                 |
|          | (a) Current maturities of long-term debt           | 31,604.99        | 26,351.33        | 18,235.37        | 8,386.64        | 1,767.17        |
|          | - Refinance Loan from NABARD                       | -                | -                | -                | -               | -               |
|          | (b) Interest accrued on borrowings -Refinance from | 991.86           | 840.38           | 614.94           | 311.36          | 46.51           |
|          | (c) Other payables                                 |                  |                  |                  |                 |                 |
|          | Withholding and other taxes payable                | 23.18            | 7.67             | 7.65             | 4.08            | 2.94            |
|          | Accrued Salaries and Incentives to Staff           | 125.00           | 90.85            | 38.37            | 16.89           | -               |
|          | Commission & Other payables                        | 210.41           | 86.42            | -                | -               | -               |
|          | ESIC, PF & Professional taxes                      | 11.27            | 7.31             | 4.97             | 2.25            | -               |
|          | Accrued Expenses                                   | 25.12            | 16.75            | 0.97             | -               | -               |
|          | Provision for CSR Expenses                         | 26.87            | -                | -                | -               | -               |
|          | Provision for Expenses                             | -                | -                | 94.35            | 39.32           | 24.42           |
|          | Unutilised Grants from Nabard for SHG promotion    | 2.65             | -                | 1.49             | 3.73            | 5.53            |
|          | <b>Total</b>                                       | <b>33,021.36</b> | <b>27,400.70</b> | <b>18,998.12</b> | <b>8,764.28</b> | <b>1,846.57</b> |
| <b>8</b> | <b>Short - Term provisions</b>                     |                  |                  |                  |                 |                 |
|          | (a). Provision for employee benefit                |                  |                  |                  |                 |                 |
|          | Leave Encashment                                   | 30.80            | 27.71            | 10.92            | 7.97            | -               |
|          | Leave Travel Allowance                             | -                | -                | 3.67             | 1.23            | -               |
|          | Gratuity   | 2.78             | 1.87             | 0.02             | -               | -               |
|          | <b>Total (a)</b>                                   | <b>33.58</b>     | <b>29.58</b>     | <b>14.61</b>     | <b>9.20</b>     | <b>-</b>        |
|          | (b). Others  |                  |                  |                  |                 |                 |
|          | Provision made for                                 |                  |                  |                  |                 |                 |
|          | (a) Non Performing Assets                          | 1,169.67         | 25.29            | -                | -               | -               |
|          | (b) Contigent Provision made against               |                  |                  |                  |                 |                 |
|          | i) Standard Assets                                 | -                | -                | 124.09           | 68.29           | -               |
|          | ii) Sub Standard Assets                            | -                | -                | 1.58             | 0.22            | -               |
|          | (c) Income Tax                                     | 1,370.39         | 966.45           | 462.16           | 143.76          | 3.48            |
|          | <b>Total (b)</b>                                   | <b>2,540.05</b>  | <b>991.74</b>    | <b>587.83</b>    | <b>212.27</b>   | <b>3.48</b>     |
|          | <b>Grand Total (a+b)</b>                           | <b>2,573.63</b>  | <b>1,021.32</b>  | <b>602.44</b>    | <b>221.47</b>   | <b>3.48</b>     |



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## NABARD FINANCIAL SERVICES LIMITED

### Note : 9 & 10 FIXED ASSETS As on 31st March, 2011 to 2015

`Rs in lakhs

| Particulars                         | Net Carrying Value |               |               |              |              |
|-------------------------------------|--------------------|---------------|---------------|--------------|--------------|
|                                     | 31.03.2015         | 31.03.2014    | 31.03.2013    | 31.03.2012   | 31.03.2011   |
| <b>Note No.9 Tangible Assets</b>    |                    |               |               |              |              |
| Furniture & Fixtures                | 42.29              | 40.68         | 36.03         | 19.92        | 9.49         |
| Office Equipments                   | 111.91             | 94.08         | 68.22         | 9.63         | 3.51         |
| Computer, Laptops & Desktops        | 34.98              | 34.38         | 33.78         | 15.36        | 13.51        |
| Servers and Networks                | 3.83               | 4.57          | -             | -            | -            |
| Motor Vehicle/Scooter               | 0.52               | 0.58          | -             | -            | -            |
| <b>Total</b>                        | <b>193.53</b>      | <b>174.29</b> | <b>138.03</b> | <b>44.90</b> | <b>26.51</b> |
| <b>Note No.10 Intangible Assets</b> |                    |               |               |              |              |
| Software                            | 29.30              | 8.18          | 5.74          | 1.35         | 0.39         |
| <b>Total</b>                        | <b>29.30</b>       | <b>8.18</b>   | <b>5.74</b>   | <b>1.35</b>  | <b>0.39</b>  |
| <b>Grand Total</b>                  |                    |               |               |              |              |
|                                     | <b>222.83</b>      | <b>182.47</b> | <b>143.77</b> | <b>46.26</b> | <b>26.90</b> |
| Previous year                       | 182.47             | 143.77        | 46.26         | 26.90        | 4.15         |

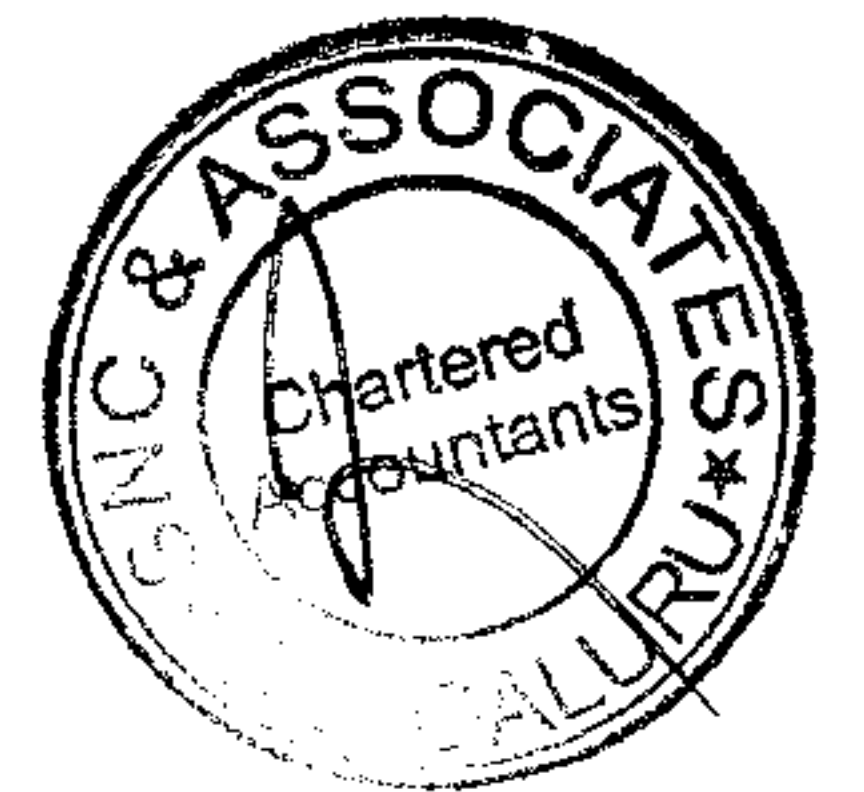


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**NABARD FINANCIAL SERVICES LIMITED**  
Notes forming part of Financial Statement

Rs in lakhs

| Note No   | Particulars  | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012      | 31.03.2011      |
|-----------|--|------------------|------------------|------------------|-----------------|-----------------|
| <b>11</b> | <b>Long-Term Loans &amp; Advances</b>  |                  |                  |                  |                 |                 |
|           | (a) Security Deposits  | 56.63            | 44.21            | 31.87            | 27.97           | -               |
|           | Deposit - Rent   | -                | -                | -                | -               | -               |
|           | (b) Loans & advances to related parties  |                  |                  |                  |                 |                 |
|           | (c) Other loans & advances   |                  |                  |                  |                 |                 |
|           | Unsecured considered good:   |                  |                  |                  |                 |                 |
|           | - Standard assets  | 21,383.69        | 10,552.26        | 12,927.91        | 4,675.79        | -               |
|           | - Staff Advance  | 75.59            | 25.61            | 3.87             | -               | -               |
|           | <b>Total</b>   | <b>21,515.91</b> | <b>10,622.08</b> | <b>12,963.65</b> | <b>4,703.76</b> | <b>-</b>        |
| <b>12</b> | <b>Other Non -Current Assets</b>   |                  |                  |                  |                 |                 |
|           | Unsecured, Considered good   |                  |                  |                  |                 |                 |
|           | (a) Others   |                  |                  |                  |                 |                 |
|           | Income Tax Refund Due  | 19.01            | 19.01            | 19.01            | 17.93           | -               |
|           | Unamortized Expenditure:   | 22.00            | 33.00            | 44.00            | -               | -               |
|           | - ROC filing fee & Stamp duty towards Increase in<br>Authorised Capital  |                  |                  |                  |                 |                 |
|           | <b>Total</b>   | <b>41.01</b>     | <b>52.01</b>     | <b>63.01</b>     | <b>17.93</b>    | <b>-</b>        |
| <b>13</b> | <b>Cash &amp; Cash equivalents</b>   |                  |                  |                  |                 |                 |
| <b>I</b>  |  |                  |                  |                  |                 |                 |
|           | (a) Cash on hand   | 24.12            | 210.73           | 63.09            | 3.90            | 0.03            |
|           | (b) Balance with banks   | 98.28            | 187.34           | 228.73           | 111.29          | 11.74           |
| <b>II</b> | <b>Other Bank Balance</b>  |                  |                  |                  |                 |                 |
|           | Bank deposits with less than 12 months maturity  | 4,963.75         | 4,150.00         | 11,962.17        | 6,911.03        | 2,222.56        |
|           | Earmarked balances with banks  | 826.39           | 800.00           | -                | -               | -               |
|           | Balances with banks-held as margin money or security<br>deposit against borrowings, gurantee/other commitments | 5,524.92         | 1,801.93         | 1,049.05         | -               | -               |
|           | Bank deposits with more than 12 months maturity  | -                | -                | 1,304.03         | 1,448.97        | -               |
|           | <b>Total</b>   | <b>11,437.47</b> | <b>7,150.00</b>  | <b>14,607.08</b> | <b>8,475.18</b> | <b>2,234.33</b> |



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**NABARD FINANCIAL SERVICES LIMITED**

Notes forming part of Financial Statement

`Rs in lakhs

| Note No   | Particulars  | 31.03.2015       | 31.03.2014       | 31.03.2013       | 31.03.2012       | 31.03.2011      |
|-----------|--|------------------|------------------|------------------|------------------|-----------------|
| <b>14</b> | <b>Short-Term Loans and Advance</b>  |                  |                  |                  |                  |                 |
|           | (i) Loans & Advances   |                  |                  |                  |                  |                 |
|           | Unsecured considered good:   |                  |                  |                  |                  |                 |
|           | - Standard assets  | 56,765.58        | 51,195.38        | 24,817.26        | 13,658.83        | 4,851.76        |
|           | - Non performing assets  | 1,892.04         | 224.03           | 15.84            | 2.17             | -               |
|           | (ii) Others  |                  |                  |                  |                  |                 |
|           | Unsecured considered good:   |                  |                  |                  |                  |                 |
|           | Advances to Employees for Expenses   | 12.61            | 10.59            | 17.39            | 4.67             | 1.42            |
|           | Income Tax   | 1,220.02         | 853.07           | 195.62           | 75.62            | -               |
|           | Telephone Deposit  | 0.01             | 0.01             | 0.39             | 0.04             | 9.77            |
|           | Tax Deducted at source   | 88.75            | 63.54            | 139.52           | 47.31            | 20.49           |
|           | Prepaid Expenses   | 24.48            | 23.47            | 21.29            | 12.60            | 8.05            |
|           | Sundry advances / deposits   | -                | -                | 0.06             | 0.36             | 0.02            |
|           | <b>Total</b>   | <b>60,003.49</b> | <b>52,370.09</b> | <b>25,207.37</b> | <b>13,801.60</b> | <b>4,891.51</b> |
| <b>15</b> | <b>Other current assets</b>  |                  |                  |                  |                  |                 |
|           | Interest receivable on Bank Deposits   | 231.24           | 85.69            | 761.17           | 275.17           | 24.64           |
|           | Interest receivable on Loans   | 588.85           | 403.21           | 224.99           | 106.83           | 24.03           |
|           | Processing Fee Receivable  | 140.67           | 99.21            | 84.24            | 64.76            | 31.87           |
|           | Service Tax Receivable   | 17.35            | 6.16             | 7.36             | 5.23             | 0.15            |
|           | Cenvat Credit on Capital Goods   | 1.68             | -                | -                | -                | -               |
|           | Advance to others  | 12.11            | 3.40             | -                | -                | -               |
|           | CENVAT Credit Receivable   | 7.15             | -                | 3.42             | -                | -               |
|           | <b>Total</b>   | <b>999.05</b>    | <b>597.67</b>    | <b>1,081.18</b>  | <b>451.99</b>    | <b>80.69</b>    |
| <b>16</b> | <b>Contingent liabilities &amp; commitments</b>  |                  |                  |                  |                  |                 |
|           | (a) Claims against the company not acknowledged as debt                                | 28.60            | 28.60            | 26.58            | 23.87            | 23.87           |
|           | (b) Guarantees   | -                | -                | -                | -                | -               |
|           | (c) Other money for which the company is contingently liable                           | -                | -                | -                | -                | -               |
|           | <b>Commitments</b>   |                  |                  |                  |                  |                 |
|           | (a) Estimated amount of contracts to be executed on capital account & not provided for | -                | -                | -                | -                | -               |
|           | (b) Uncalled liability on shares & other investments partly paid                       | -                | -                | -                | -                | -               |
|           | (c) Others   | -                | -                | -                | -                | -               |



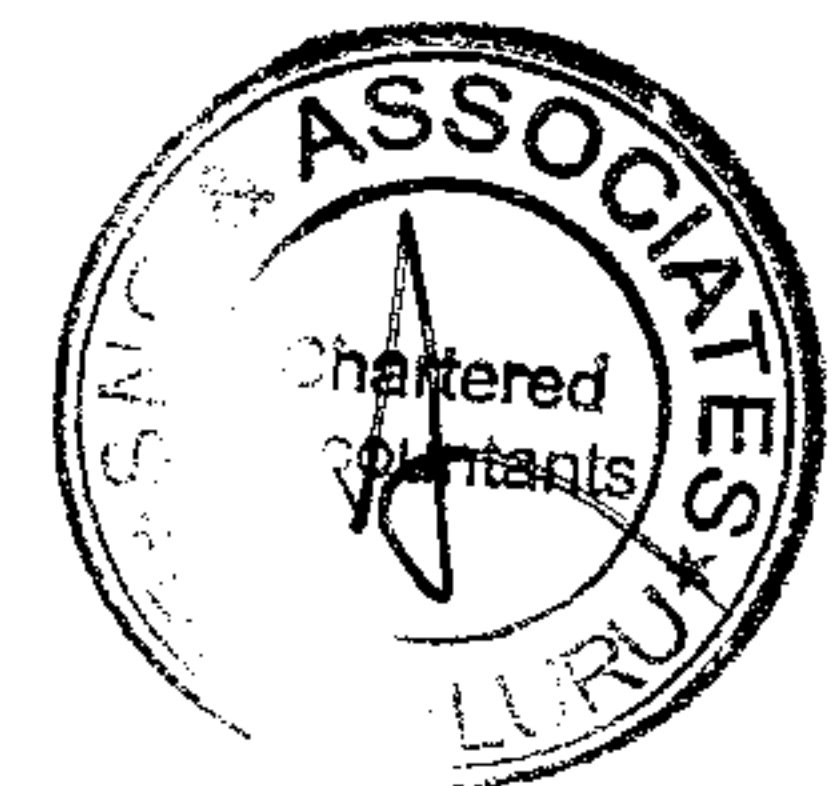
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**NABARD FINANCIAL SERVICES LIMITED**  
Notes forming part of Financial Statement

Rs in lakhs

| Note No.  | Particulars                      | 31.03.2015       | 31.03.2014      | 31.03.2013      | 31.03.2012      | 31.03.2011    |
|-----------|----------------------------------|------------------|-----------------|-----------------|-----------------|---------------|
| <b>17</b> | <b>Revenue from Operations</b>   |                  |                 |                 |                 |               |
|           | (i) Interest                     | 10,683.06        | 7,681.64        | 3,897.84        | 1,395.79        | 144.00        |
|           | (ii) Processing Fee              | 805.13           | 643.49          | 418.09          | 322.09          | 76.81         |
|           | <b>Total</b>                     | <b>11,488.19</b> | <b>8,325.13</b> | <b>4,315.93</b> | <b>1,717.88</b> | <b>220.81</b> |
| <b>18</b> | <b>Other Income</b>              |                  |                 |                 |                 |               |
|           | Interest on Fixed Deposits       | 882.33           | 632.52          | 1,388.58        | 464.21          | 79.06         |
|           | Interest on Staff Loan           | 4.30             | 1.88            | 0.77            | -               | -             |
|           | Notice pay recovery              | 4.02             | 0.59            | 0.10            | -               | -             |
|           | Excess provision written back    | 6.34             | 0.25            | 0.30            | -               | -             |
|           | HRA recovery from Staff          | 2.08             | 0.61            | -               | -               | -             |
|           | Recovery from bad debts          | 0.02             | -               | -               | -               | -             |
|           | Profit on sale of Fixed Assets   | 0.05             | 0.00            | -               | -               | -             |
|           | Miscellaneous income             | 1.42             | 3.28            | 4.70            | 1.37            | 0.44          |
|           | <b>Total</b>                     | <b>900.56</b>    | <b>639.13</b>   | <b>1,394.45</b> | <b>465.58</b>   | <b>79.50</b>  |
| <b>19</b> | <b>Employee Benifit Expenses</b> |                  |                 |                 |                 |               |
|           | Salaries and Wages               | 587.81           | 453.41          | 314.35          | 174.50          | 57.62         |
|           | Incentive for Staff              | 115.16           | 82.23           | 37.70           | 16.88           | -             |
|           | Recruitment & Training Expenses  | 3.57             | 1.95            | 4.93            | 1.44            | 6.54          |
|           | Gratuity                         | 14.83            | 13.28           | 6.44            | 3.31            | 0.42          |
|           | Leave encashment                 | 44.80            | 32.58           | 14.06           | 8.07            | -             |
|           | Leave Travel Allowance           | 24.99            | 15.55           | 10.98           | -               | -             |
|           | Staff Welfare                    | 6.10             | 6.08            | 4.33            | 3.46            | 0.82          |
|           | Rent paid for Staff Quarters     | 3.20             | 1.21            | 12.80           | 0.24            | -             |
|           | Contribution to Statutory funds  | 51.77            | 39.29           | 23.85           | 11.80           | 2.07          |
|           | <b>Total</b>                     | <b>852.24</b>    | <b>645.56</b>   | <b>429.44</b>   | <b>219.70</b>   | <b>67.47</b>  |
| <b>20</b> | <b>Finance Costs</b>             |                  |                 |                 |                 |               |
|           | <b>Interest on</b>               |                  |                 |                 |                 |               |
|           | - NABARD Refinance Loans         | 5,419.87         | 3,928.96        | 2,958.59        | 1,080.16        | 91.15         |
|           | - Over Draft                     | 142.74           | 51.04           | -               | 5.44            | 0.74          |
|           | - Security Deposits              | 4.50             | 3.74            | -               | -               | -             |
|           | <b>Total</b>                     | <b>5,567.11</b>  | <b>3,983.74</b> | <b>2,958.59</b> | <b>1,085.60</b> | <b>91.89</b>  |



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**NABARD FINANCIAL SERVICES LIMITED**  
Notes forming part of Financial Statement

Rs in lakhs

| Note No.  | Particulars                              | 31.03.2015      | 31.03.2014      | 31.03.2013      | 31.03.2012    | 31.03.2011    |
|-----------|--|-----------------|-----------------|-----------------|---------------|---------------|
| <b>21</b> | <b>Other Expenses</b>                    |                 |                 |                 |               |               |
|           | Rent                                     | 64.89           | 47.70           | 27.24           | 22.41         | 8.81          |
|           | Repairs & Maintenance                    | 31.61           | 13.13           | 16.59           | 8.17          | 3.70          |
|           | Commission for Business Correspondent/Fa | 1,343.40        | 1,019.34        | 628.46          | 289.82        | 56.43         |
|           | Electricity & Water charges              | 7.66            | 7.55            | 4.28            | 1.82          | 0.56          |
|           | Business Promotion                       | 6.01            | 4.45            | 1.80            | 0.93          | 0.18          |
|           | Insurance                                | 31.72           | 29.69           | 20.38           | 16.97         | 2.50          |
|           | Travelling & Conveyance                  | 204.82          | 165.23          | 99.66           | 44.64         | 11.71         |
|           | Printing & Stationery                    | 45.27           | 33.85           | 21.67           | 12.82         | 5.12          |
|           | Postage, Telephone , & Courier Charges   | 36.37           | 26.09           | 13.71           | 6.86          | 2.15          |
|           | Transportation Chages                    | 0.10            | 0.06            | 0.25            | 1.62          | -             |
|           | <b>Auditors Remuneration</b>             |                 |                 |                 |               |               |
|           | -Statutory Audit Fee                     | 3.76            | 3.71            | 2.00            | 1.00          | 1.13          |
|           | - Tax Consultancy charges                | -               | 0.28            | 0.26            | 0.33          | 0.10          |
|           | - Other Services                         | 0.11            | 1.37            | 1.52            | 0.12          | 0.09          |
|           | Internal Audit Fee                       | 5.39            | 5.39            | 4.45            | 0.90          | -             |
|           | Books and Periodicals                    | 0.56            | 0.53            | 0.35            | 0.26          | 0.07          |
|           | Meeting Expenses                         | 1.90            | 1.30            | 1.59            | 0.67          | 0.43          |
|           | Miscellaneous Expenses                   | 0.48            | 0.30            | 0.57            | 0.27          | 0.38          |
|           | Website Charges                          | 10.22           | 3.54            | 4.05            | 2.67          | 0.12          |
|           | Advertisement Expenses                   | 2.13            | 1.90            | 0.52            | 4.68          | 1.17          |
|           | <b>Rates &amp; Taxes</b>                 |                 |                 |                 |               |               |
|           | -Share Issue Expenses - ROC fee amort    | 11.00           | 11.00           | 11.00           | -             | -             |
|           | -Interest on Delayed Remittance of TDS   | -               | 0.03            | 3.54            | 2.93          | 2.95          |
|           | -Others                                  | 4.75            | 5.37            | 2.75            | 0.23          | -             |
|           | Data Entry Expenses                      | -               | 0.90            | 1.80            | 0.70          | -             |
|           | Directors Sitting Fee                    | 2.25            | 1.20            | 3.39            | 4.80          | 0.50          |
|           | Training Expenses                        | 10.03           | 11.62           | 14.96           | 18.04         | -             |
|           | Legal & Professional Charges Fee         | 30.19           | 24.47           | -               | -             | 9.22          |
|           | Review & Retreat Expenses                | 3.84            | 22.58           | -               | -             | -             |
|           | Loss on sale of Assets                   | -               | -               | -               | 0.02          | 0.08          |
|           | Written off Fixed Assets                 | -               | -               | -               | 0.10          | -             |
|           | Livelihood promotion expenses            | 4.09            | 9.80            | -               | -             | -             |
|           | Patent Capital Expenses                  | 2.65            | 1.24            | -               | -             | -             |
|           | SHPI Promotion Expenses                  | 10.88           | 1.66            | -               | -             | -             |
|           | Security Guard Expenses                  | 4.41            | 4.41            | 0.99            | -             | -             |
|           | Assets costing Less than Rs.5000         | 8.25            | 2.39            | 2.67            | -             | -             |
|           | Bad Debts written off                    | 0.98            | 0.25            | 0.10            | -             | -             |
|           | Bank charges                             | 20.83           | 33.91           | 16.84           | -             | -             |
|           | CSR Expenses                             | 27.07           | -               | -               | -             | -             |
|           | Broker commission                        | 0.78            | -               | -               | -             | -             |
|           | Provision for Standard Assets            | -               | 417.19          | 97.05           | 79.55         | 12.13         |
|           | Provision for Non Performing Assets      | 1,144.38        | 23.70           | 1.37            | 0.22          | -             |
|           | <b>Total</b>                             | <b>3,082.78</b> | <b>1,937.15</b> | <b>1,005.78</b> | <b>523.55</b> | <b>119.53</b> |



## NABARD FINANCIAL SERVICES LIMITED

### SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31<sup>ST</sup> MARCH 2015,2014,2013,2012 AND 2011)

#### A. Significant Accounting Policies:

##### 1. Basis of Preparation of Financial Statements:

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP") to comply with the accounting standards and as per the provisions of Companies Act, 1956 (to the extent applicable), the provisions of Companies Act 2013, (to the extent notified and made applicable) and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time and to the extent they have an impact on the financial statement. The financial statements have been prepared on accrual basis under the historical cost convention method and as a going concern. The accounting policy adopted in the preparation of the financial statements are consistent with those of the previous years.

##### 2. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

##### 3. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3.

##### 4. Revenue Recognition:

- a) Income is recognized and accounted on accrual basis except in case of Non-Performing Assets (NPA) outstanding for more than 90 days from the due date, which is recognized only on receipt basis, and any interest income recognised before the asset become NPA and remaining unrealised income if any is reversed as per guidelines for prudential norms issued by RBI.
- b) Interest on bank deposits is recognised on accrual basis on a time proportion and duly supported by interest certificates from banks.
- c) All other incomes are recognised on accrual basis, except in case of bad debts recovered, which are accounted as and when received.



**5. Fixed assets & Depreciation:**

The cost of fixed assets comprises purchase price less CENVAT if eligible for credit and any other incidental cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets. Fixed Assets are stated at cost less accumulated depreciation and impairment, if any.

b) Improvements to Leased Assets are fully charged to revenue in the same year in which such expenses are incurred.

**6. Intangible Assets & Amortization:**

Expenses incurred on Intangible assets having enduring benefits are capitalized and amortized over their estimated useful life.

**7. Employee Benefits:**

**I. Short term employee benefits**

Short term employees' benefits are recognized as an expense at the undiscounted amounts in the statement of profit & loss for the year in which the related services are rendered.

**II. Long term employee benefits**

**a) Provident Fund:**

In accordance with law, eligible employees of the Company are entitled to receive benefits under the provident fund. The Company contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary) to the Pension Scheme administered by the Regional Provident Fund Commissioner (RPFC) and the Company has no liability for future provident fund benefits other than its annual contribution.

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is accounted for on accrual basis.

**b) Gratuity:**

Gratuity is post-employment benefit and is in the nature of Defined Benefit Plan. Liability for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India are determined by actuarial valuation on project unit credit method made at end of each balance sheet date.

The actuarial gain or loss is recognized immediately in the Statement of Profit and Loss as income or expenses in the period in which it occurs.

**c) Leave Encashment and other short term benefits:**

- i. Leave encashment is in the nature of short term benefit. Every eligible employee is entitled for 2<sup>1</sup>/<sub>2</sub> days earned leave (EL) on pro rata basis for each calendar month. Liability in respect of Leave Encashment has been provided.



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## ANNEXEURE-I

- ii. Leave Travel Concession is in the nature of short term benefit and every eligible employee is entitled to one month's basic pay in a year. Liability in respect of Leave Travel concession has been provided.
- iii. Performance based incentive in accordance with company rules has been provided.

### 8. Prior Period and Extra Ordinary Items:

Prior Period and Extra Ordinary Items having material impact on the financial statements of the Company are disclosed separately.

### 9. Taxation:

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

#### a) Current Tax:

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

#### b) Deferred Tax:

Deferred tax expense or benefits is recognised on timing differences being the difference between taxable and accounting income and are capable of reversal in one or more future periods. The deferred tax charge or credit and the corresponding deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets.

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

### 10. Lease Rental Payments:

The company has taken on lease Office building under cancellable lease agreements that are renewable at the option of the company and the Lessor. Lease payments in respect of lease are recognized as an expense in the statement of profit and loss on accrual basis.

### 11. Provision and Contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.



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## ANNEXEURE-I

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

### 12. Finance Expenses:

Expenditure incurred for raising borrowed funds including ancillary costs incurred in connection with the arrangement of borrowings, which is not eligible for capitalisation, is fully charged to the statement of profit and loss on incurrence.

### 13. Asset Classification & Provisioning Norms:

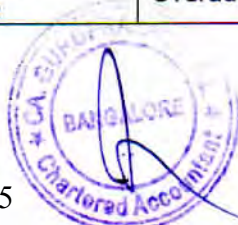
At the end of each financial year, management reviews all loans on over-due basis, write-off, if any required are being made on case by case assessment.

Provision for loan is provided as per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 and modifications from time to time issued by the RBI.

Management treats a loan as over-due as soon as scheduled Instalment is failed.

| Asset Classification       | RBI Norms       | NABFINS Compliance |
|----------------------------|-----------------|--------------------|
| A. Standard                | 0-90 Days       | 0-90 Days          |
| B i) Non Performing Assets | 91 Days & above | 91 Days & above    |

| Provisioning Norms                            | RBI Norms                                      | NABFINS Compliance                             |
|---|--|--|
| A. Standard Assets                            | Nil  | 0.40 % of Standard Assets.                     |
| B I) Non Performing Assets<br>91- 180 Days    | 50 % of the aggregate loan Instalments overdue | 50 % of the aggregate loan Instalments overdue |
| ii) Non Performing Assets<br>180 Days & Above | 100 % of the aggregate loan Instalment Overdue | 100 % of the aggregate loan Instalment Overdue |



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## NABARD FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

### Note No 23

#### Capital to Risk Weighted Asset Ratio:

| Particulars     | As at 31.03.2015 | As at 31.03.2014 |
|-----------------|------------------|------------------|
| CRAR            | 24.28 %          | 22.35 %          |
| Tier I Capital  | 24.28 %          | 22.35 %          |
| Tier II Capital | -                | -                |

As per the RBI Norms NBFC-MFI should maintain capital adequacy ratio which shall not be less than 15 percent of its aggregate risk weighted assets.

#### Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2015 and as at 31 March 2014.

### Note No 24

#### ASSET CLASSIFICATION & PROVISIONING NORMS

Provision on loans has been provided as per RBI circular issued by RBI vide notification number DNBS.(PD) CC.No. 395/03.10.38/2014-15, dated July 1 2014.

As per the guidelines, the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.

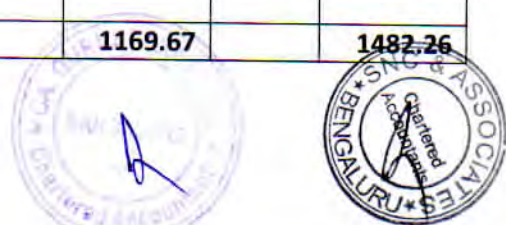
(A)

(` in Lakh)

| Asset Classification | Criteria | Outstanding<br>Rs in lakhs | Over Due Amount | RBI Norms |        | Actual Provision |        |
|----------------------|----------|----------------------------|-----------------|-----------|--------|------------------|--------|
|                      |          |                            |                 | %         | Amount | %                | Amount |
| Total Portfolio      | -        | 80041.31                   |                 | 1%        | 800.41 | 1%               | 800.41 |
| Total                |          |                            |                 |           |        |                  | 800.41 |

(B)

| Asset Classification      | Criteria                                 | Outstanding | Over Due Amount | RBI Norms |         | Actual Provision |         |
|---------------------------|--|-------------|-----------------|-----------|---------|------------------|---------|
| 1. Standard Assets        | Less than 90 Days                        | 78149.28    | -               | -         | -       | 0.40 %           | 312.60  |
| 2.1 Non Performing Assets | More than 90 days but less than 180 days | 571.78      | 267.25          | 50 %      | 133.63  | 50 %             | 133.63  |
| 2.2 Non Performing Assets | 180 Days & Above                         | 1320.25     | 1036.04         | 100 %     | 1036.04 | 100 %            | 1036.04 |
| Total Provision           |  | 80041.31    | 1303.29         |           | 1169.67 |                  | 1482.26 |



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**Note :**

The company received the modified registration certificate from RBI under NBFC-MFI with effect from 10<sup>th</sup> February 2015. Previously the company was classified under NBFC-ND-SI. Hence, current year the company made provision as per the guidelines issued by RBI for NBFC-MFI. With regard to the immediate previous year, the company had made provision as per guide lines of NBFC-ND-SI.

**Note No. 25****Maturity Pattern of certain items of assets and liabilities as on 31.03.2015**

(` in Lakh)

| Particulars               | 1 to 14 days   | 15 to 28 days  | 29 days to 3 months | 3 to 6 months   | 6 to 12 months  | 1 to 3 years    | 3 to 5 years | 5 to 7 years | Total           |
|---------------------------|----------------|----------------|---------------------|-----------------|-----------------|-----------------|--------------|--------------|-----------------|
| <b>Assets</b>             |                |                |                     |                 |                 |                 |              |              |                 |
| Loans                     | 2129.02        | 3953.90        | 12088.30            | 16087.92        | 24598.39        | 21183.78        | -            | -            | 80041.31        |
| FDs, Bank & Cash balances | 1989.94        | 944.14         | 1359.15             | 3444.25         | 3700.00         | -               | -            | -            | 11437.47        |
| <b>Total</b>              | <b>4118.96</b> | <b>4898.04</b> | <b>13447.45</b>     | <b>19532.17</b> | <b>28298.39</b> | <b>21183.78</b> | -            | -            | <b>91478.78</b> |
| <b>Liabilities</b>        |                |                |                     |                 |                 |                 |              |              |                 |
| Refinance from NABARD     | -              | -              | -                   | 17195.59        | 14409.40        | 33229.48        | -            | -            | 64834.47        |
| Interest on Refinance     | -              | -              | -                   | 991.86          | -               | -               | -            | -            | 991.86          |
| <b>Total</b>              | -              | -              | -                   | <b>19259.95</b> | <b>14409.40</b> | <b>33229.48</b> | -            | -            | <b>65826.33</b> |

**Note No 26****Disclosure of complaints**

|     | Particulars  | No. |
|-----|--|-----|
| (a) | No. of complaints pending at the beginning of the year | Nil |
| (b) | No. of complaints received during the year             | 1   |
| (c) | No. of complaints redressed during the year            | 1   |
| (d) | No. of complaints pending at the end of the year       | Nil |



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**Note No. 27**  
**Exceptional Item**

₹ in Lakhs

| Particulars     | Provision required as at 31.03.2015 | Provision created up to 31.03.2014 | Excess Provision |
|-----------------|-------------------------------------|------------------------------------|------------------|
| Standard assets | 312.59                              | 605.91                             | 293.32           |

The company has created provision as per the NBFC-MFI norms issued by RBI. The company provided provision on standard asset at 0.40 % which amounts to ₹ 312.59 Lakhs. The remaining excess provision of ₹ 293.32 Lakhs has been reversed and shown under exceptional item in the Statement of Profit & Loss.

**Note No. 28**  
**Earnings Per Share:**

(₹ in Lakh)

| Particulars  | 2014-15  | 2013-14  |
|--|----------|----------|
| Net Profit after tax as per Statement of Profit & Loss   | 1,741.12 | 1,408.95 |
| Less : Transfer to Statutory Reserve, Risk Fund & Others | 350.52   | 381.79   |
| Profit available to Equity Shareholders                  | 1,390.60 | 1,027.16 |
| Weighted average No. of Equity shares                    | 1,338.50 | 1,082.88 |
| Potential Equity shares                                  | -        | -        |
| Basic Earnings per share                                 | 1.04     | 0.95     |
| Diluted Earnings per share                               | 1.04     | 0.95     |

**Note No. 29**

Fixed Assets and accumulated depreciation on fixed asset has been reclassified as per schedule II to Companies Act 2013. Depreciation on Fixed Assets is provided based on the useful life of the asset on straight line basis as per schedule II of the Companies Act 2013.

- The carrying amount of the assets have been depreciated over the remaining useful life of the asset as per para 7 (a) of schedule II to the Companies Act 2013.
- Where the remaining useful life of the asset is Nil, the carrying amount has been charged to opening retained earnings after retaining the residual value as per para 7 (b) of schedule II to the Companies Act 2013.
- Intangible assets has been amortized over their estimated useful life as per Accounting Standard 26 issued by ICAI which is as per schedule II to the Companies Act 2013.

**Tangible assets**

| Particulars          | Useful Life |
|----------------------|-------------|
| Furniture & Fixtures | 10 Years    |
| Office Equipment     | 5 Years     |
| Servers & Networks   | 6 Years     |



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|                    |                 |
|--------------------|-----------------|
| Laptops & Desktops | <b>3 Years</b>  |
| Vehicle            | <b>10 Years</b> |

**Intangible assets:** Lower of license period or 5 years

**Note No. 30**

**Contribution to Statutory Reserve & Risk Fund**

(a) During the current year, the Company has transferred 20 % profit after tax to the statutory reserves in accordance with the provisions of section 45-IC of Reserve Bank of India Act, 1934.

**Note No 31**

**Employees Benefits**

i. The Managing Director is on deputation from NABARD. MD's remuneration including Provident Fund, Gratuity and Leave Salary is charged to the accounts and reimbursed to NABARD on the basis of the advices received from them.

ii. The Liability in respect of Gratuity for employees is funded through a scheme administered by an insurer and the said gratuity of Rs. 12.34 Lakhs on actuarial basis has been paid during the year. Further Gratuity provisions of Rs. 1.20 Lakhs is made for Managing Director as per the advice received from NABARD.

iii. Liability in respect of Leave encashment has been provided as per policy of the company amounting to Rs. 30.80 Lakhs .

**Note No 32**

**Utilization of Cenvat Credit on Capital Goods against Service tax payable liability**

During the previous year, the company has availed Cenvat credit benefits on the purchase of Point Of Sale (POS) machines in accordance with Rule 3 of Cenvat Credit Rules 2004, which are being used in the field for recording loan installment collection and accounting thereof.

The company is a provider of taxable service, has registration certificate under Service tax for their output service "Banking and Financial services". The Cenvat credit availed on Capital Goods will be utilized for payment of service tax liability in accordance with Rule 4 Cenvat Credit Rules 2004.

Accordingly the company has utilized a sum of Rs. 1.68 Lakhs towards Cenvat credit on purchase 230 POS Machines during the current year against service tax liability and balance amount has been carried forward for the next financial year as per CENVAT Credit rules.

**Note No 33**

**Expenses towards Increase in Authorized Share Capital**

The Company has incurred expenses during 2012-13 towards ROC filing fee amounting to Rs.55.00 lakhs (Rupees Fifty Five Lakhs Only) towards increase in Authorized Share Capital of the company. The company has amortized 1/5<sup>th</sup> of such expenditure amounting to Rs.11 lakhs for the year under section 35D of the



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Income tax Act and the un-amortised portion of Rs.22.00 lakhs (Rupees Twenty Two Lakhs Only) is included in the "Other non-current assets". (Refer Note no.12)

**Note No 34**

**Re-finance loan from NABARD**

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

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

| S.no | Rate of Interest % | Out-standing no.of Installments | Amount (Rs.lakhs) |
|------|--------------------|---------------------------------|-------------------|
| 1    | 9.00%              | 18                              | 3091.75           |
| 2    | 9.10%              | 1                               | 193.02            |
| 3    | 9.20%              | 9                               | 3882.82           |
| 4    | 9.30%              | 1                               | 3402.44           |
| 5    | 9.50%              | 3                               | 33933.16          |
| 6    | 9.65%              | 2                               | 2966.64           |
| 7    | 9.70%              | 4                               | 13611.85          |
| 8    | 9.90%              | 2                               | 2353.78           |
| 9    | 10.25%             | 2                               | 1399.01           |
|      |                    | <b>Total</b>                    | <b>64834.47</b>   |

The current maturities (payable within the period of 12 months) of "Re-finance" commitments, are classified as Current liabilities amounting to Rs. 31,604.99 lakhs and the remaining commitments are classified under Long term borrowing amounting to Rs.33,229.48 lakhs (Refer Note no 3 & 7).

**Note No 35**

**Patient Capital**

The Company has entered into MOU dated 19<sup>th</sup> June 2013 with PMU of IFAD (Project Management Unit of International Fund for Agricultural Development – Government of Tamilnadu) assisted by Post Tsunami Sustainable Livelihood Program. As per the MOU, the Company is eligible for receiving Fund assistance for Rs.500 lakhs in accordance with the terms and conditions set forth therein. The said fund assistance of Rs.500 lakhs provided to the company as patient capital by IFAD will be utilized for development of micro enterprises and all aspects relating to various activities included in the MOU and implementation thereof including Auditing of the accounts, monitoring and review will be taken over by its successor's after expiry of 8 years which was later revised to 6 years, the date on which the patient capital will be converted as Equity in perpetuity of the company.

The Company has received first instalment of Rs.300 lakhs out of Rs.500 lakhs and the amount received was accounted as "Patient Capital" classified under "Other Long Term Liabilites". (Refer note.no - 4)



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**Note No 36****Claims against the company not acknowledged as debt**

Details of demand raised by the Income Tax Department including interest.

| Particulars         | Demand raised under 143(1) of I.T Act 1961 |
|---------------------|--|
| Asst Year 2008-2009 | 1475041                                    |
| Asst Year 2009-2010 | 1076318                                    |
| Asst Year 2010-2011 | 308242                                     |
| Total demand raised | 2859601                                    |

The demand raised by the tax authorities is not provided in the books, since the credit for tax deducted at source was not been considered by the tax authority. The company has made representation to tax authorities to rectify the above demand.

Details of refund amount adjusted

| Particulars                                   | Amount  |
|---|---------|
| Refund receivable for the Asst Year 2011-2012 | 1384556 |
| Less : Adjusted against demand of             |         |
| - Asst Year 2009-2010                         | 912140  |
| - Asst Year 2010-2011                         | 268060  |
| Total amount adjust against the demand        | 1180200 |

The company has sought rectification for the AY 2011-12 for release of refund and contested the adjustment of demands against refund vide its letter dated 24.05.2013.

**Note No 37****Names of Related Parties and Nature of Relationship**

| Description of Relationship           | As at March 2015           | As at March 2014           |
|---------------------------------------|----------------------------|----------------------------|
| Holding Company                       | NABARD                     | NABARD                     |
| Assoicate                             | Canara Bank                | Canara Bank                |
| Chairman                              | Mr. Aloysius P. Fernandez  | Mr. Aloysius Fernandez     |
| Managing Director upto 31st July 2014 | Mr. Y. K Rao               | Mr. Y. K Rao / C.P Mohan   |
| Managing Director from 23rd June 2014 | Mr. V. Maruthi Ram         | Mr. V. Maruthi Ram         |
| Director                              | Prof. M.S Sriram           | Prof. M.S Sriram           |
| Director                              | Dr. Venugopalan Puhazendhi | Dr. Venugopalan Puhazendhi |
| Company Secretary                     | Mr. Y.L Narasappa          | Mr. Y.L Narasappa          |



**Note No 38**  
**Transactions with the Related Parties**

in Lakhs

| Transaction               | Related Party              | For the year ended 31.03.2015 | For the year ended 31.03.2014 |
|---------------------------|----------------------------|-------------------------------|-------------------------------|
| <b>Other Transactions</b> |                            |                               |                               |
| Issue of Shares           | NABARD                     | 2,600.00                      | -                             |
| Issue of Shares           | Canara Bank                | 1410.00                       | -                             |
| Loan Received             | NABARD                     | 40,122.24                     | 33,189.87                     |
| Loan Repaid               | NABARD                     | 29,137.96                     | 20,030.68                     |
| <b>Expenses</b>           |                            |                               |                               |
| Interest Payment          | NABARD                     | 5,268.38                      | 3,928.86                      |
| Managerial Remuneration   | C.P Mohan                  | -                             | 5.61                          |
| Managerial Remuneration   | Mr. Y.K Rao                | 9.92                          | 24.21                         |
| Managerial Remuneration   | Mr. V. Maruthi Ram         | 25.28                         | -                             |
| Professional Charges      | Mr. Aloysius P. Fernandez  | 19.04                         | 17.68                         |
| Director Sitting Fee      |                            | 0.70                          | 0.60                          |
| Director Sitting Fee      | Prof. M.S Sriram           | 0.80                          | 0.35                          |
| Director Sitting Fee      | Dr. Venugopalan Puhazendhi | 0.75                          | 0.10                          |
| Salary                    | Mr. Narasappa              | 6.98                          | 7.55                          |

**Note No 39**

**Expenditure on Corporate Social Responsibility**

(a) Gross amount required to be spent by the company during the year : 26.93 lakhs

(b) Amount spent during the year on

in Lakhs

| Particulars                              | In cash | Yet to be paid in cash | Total |
|--|---------|------------------------|-------|
| (i) Construction / Acquisition of assets | -       | 26.86                  | 26.86 |
| (ii) On purposes other than above        | 0.20    | -                      | 0.20  |



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**Note No 40****Break-up of Deferred Tax (Asset) / Liability as on 31<sup>st</sup> March 2015: -** ( ` in Lakh)

| Particulars   | DTL   | DTA  |
|---|-------|------|
| Timing difference on account of Difference between Written Down Value of Fixed Assets as per companies Books & Income tax | 34.58 |      |
| Disallowance with respect to Professional tax   |       | 0.89 |
| Disallowance u/s 43B of the Income Tax Act, 1961 in respect of Earned Leave Encashment                                    |       | 3.08 |
| Total   | 34.58 | 3.98 |
| Deferred Tax Calculated on above  | 11.75 | 1.35 |
| Net Deferred tax Liability  | 10.39 |      |
| Less : Opening balance of deferred tax liability  | 5.33  |      |
| Liability created for the year  | 5.06  |      |

**Note No 41****Foreign Currency Transactions: -**

| Particulars                        | 2014-15 | 2013-14 |
|------------------------------------|---------|---------|
| a. Earnings in Foreign Currency    | Nil     | Nil     |
| b. Expenditure in Foreign Currency | Nil     | Nil     |

**Note No 42**

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

**Note No 43**

Segment Reporting: The Company is engaged in Financial Lending Activity which as per AS 17 is considered the only reportable business segment. The geographical segment is not relevant since the company's business activities are restricted within the country

**Note No 44**

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



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**ANNEXEURE-II**

**Statement of Accounting Ratios**

| <b>PARTICULARS</b>   | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Earnings per share (Basic/Diluted)   | 1.04        | 0.95        | 0.94        | 0.59        | 0.05        |
| Return on Net Worth (%)  | 8.80%       | 10.05%      | 7.12%       | 4.38%       | 0.44%       |
| Net Asset value per Equity Share   | 12.99       | 12.50       | 11.33       | 11.40       | 12.36       |
| Weighted average number of equity shares outstanding during the year/period (in crore) | 13.39       | 10.83       | 6.37        | 2.42        | 1.38        |
| Total number of shares outstanding at the end of the year/period (in crore)            | 15.22       | 11.21       | 10.45       | 4.21        | 1.60        |
| Total Debt Equity Ratio  | 3.59        | 3.93        | 3.49        | 4.67        | 2.63        |



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# BK

## Bhandari & Keswani

### INDEPENDENT AUDITOR'S REPORT

#### The Board of Members

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD),  
Plot No.C-24, "G" Block,  
Bandra Kurla Complex, Bandra (East),  
MUMBAI – 400 051.

Dear Sir,

**AUDITOR'S REPORT ON REFORMATTED FINANCIAL STATEMENTS OF NABKISAN FINANCE LIMITED [formerly Agri Development Finance (Tamilnadu) Limited] IN CONNECTION WITH PUBLIC ISSUE BY NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT ("NABARD" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES ("BONDS"), HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, IN TERMS OF THE NOTIFICATION NO. 6/2016/ F.No.178/1/2016-ITA-I DATED FEBRUARY 18, 2016 ISSUED BY THE CENTRAL BOARD OF DIRECT TAXES, DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA ("CBDT NOTIFICATION") IN THE FINANCIAL YEAR 2015-2016 ("ISSUE")**

1. We have examined the reformatted financial information of NABKISAN FINANCE LIMITED (the "Company") annexed to this report and initialled by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter no(s)NKFL/3724-A,NKFL-6/2015-16-Tax Free Bonds/Auditor/2015-16 dated 19<sup>TH</sup> FEBRUARY 2016, in connection with NABARD's proposed issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. For our examination, we have placed reliance on the audited unconsolidated financial statements of the Company for the year ended 31st March 2015, 2014, 2013, 2012 and 2011. which have been audited by the following Auditors:

| For Financial Year | Name of the Auditor  |
|--------------------|----------------------|
| 2014-15            | Bhandari & Keswani   |
| 2013-14            | Bhandari & Keswani   |
| 2012-13            | J.B. & Co.           |
| 2011-12            | Lakshmiah & Co.      |
| 2010-11            | Gopikumar Associates |

We have placed reliance on the audit reports of these auditor's for the respective years.



**CHARTERED ACCOUNTANTS**  
75, Mahatma Gandhi Road,  
Nungambakkam, Chennai - 600 034.  
Phone : 28276185

## 2. Management's Responsibility

The preparation of reformatted financial information which is to be included in the Draft Prospectus and Prospectus (collectively referred to as "offer document") of the Authority, are the responsibility of the company's management .

## 3. Auditor's Responsibility

Our work has been carried out in accordance with SA-810 – Engagement to Report on Summary Financial statement and as per the Guidance Note on Reports on Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and Regulations in connection with the proposed Issue of Bonds. We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Audited (Unconsolidated) Financial Information with the Company's audited (Unconsolidated) Financial Statements, for the Financial Years ended 31st March 2015, 2014, 2013, 2012 and 2011 and reclassification/regrouping as considered appropriate. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

## 4. Financial Information as per Audited Financial Statements

We have examined the attached 'Reformatted Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2011 to 31st March, 2015 (Annexure I), 'Reformatted Statement of Profit and Loss' of the Company for the financial years from 31st March, 2011 to 31st March, 2015 (Annexure II), and 'Reformatted Cash Flow Statement' of the Company for the financial years from 31st March, 2011 to 31st March, 2015 (Annexure III) and Schedules forming part of Statement of Assets & Liabilities and Profit and Loss Account for the respective years (Annexure IV,V) referred to as '**Reformatted Financial Statements**'.

Based on our examination of these Reformatted Financial Statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure VI, respectively to this report.
- ii. The Reformatted Financial Information of the Company have been regrouped and reclassified in accordance to Revised Schedule VI of the Act wherever possible. Furthermore, regrouping/reclassification has been carried out as per Guidance Note thereto issued by the Institute of Chartered Accountants of India to ensure consistency in the presentation of financial information to ensure comparability (but not restated retrospectively), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.
- iii. We have not audited any financial statements of the Company as of any date or for any period prior to March 31, 2013. Accordingly, we do not express opinion on the financial position, results or cash flows of the Company as of any date or for any period prior to March 31, 2013.
- iv. The Company has not declared any dividends for each of the years ended 31st March, 2015, 31st March, 2014, 31st March, 2013, 31st March, 2012 and 31st March, 2011.
- v. The extraordinary items have been adequately disclosed separately in the Statement of Profit & Loss.



5. **Attention is drawn to the following;**

*The Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods, the adjustments of amounts pertaining to previous years in the respective financial years to which they relate.*

6. **Other Reformatted Financial Information of the Company:**

At the company's request we have examined the following Other Reformatted Unconsolidated Financial information relating to the company proposed to be included in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus(es), prepared by the Company and approved by the Board of Members of the Company and annexed to this Financial Information as at and for each of the years ended 31st March, 2015, 2014, 2013, 2012 and 2011 annexed to this report:

- i. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2015, 31st March 2014, 31st March, 2013, 31st March, 2012 and 31st March, 2011 (Annexure VII)

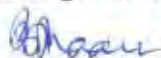
7. **Opinion**

In our opinion, and to the best of our information and according to explanations given to us, *subject to para 5* above the Reformatted Financial Information of the company, as attached to this report as mentioned in Section A and B above, read with the respective significant accounting policies and notes to the Reformatted Summary Statements disclosed in Annexure VI, and after making re-groupings as considered appropriate and disclosed, have been prepared in accordance with Section 26(1)(b) of Part I of Chapter III of the Companies Act, 2013.

8. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.
9. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds of the Authority, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
10. We have no responsibility to update our report for events and circumstances occurring after the date of this report for the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.

**For BHANDARI & KESWANI**

Chartered Accountants  
Firm Regn. No. 000433S



**P. BHANDARI.**  
Partner  
Membership no.017411.



**Place:** Chennai.  
**Date:** 19<sup>th</sup> February, 2016.

**NABKISAN FINANCE LIMITED**  
(formerly Agri Development Finance (TN) Ltd)  
**BALANCE SHEET**

| Particulars                       | Sch. No. | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. | As at<br>March 31, 2013<br>Rs. | As at<br>March 31, 2012<br>Rs. | As at<br>March 31, 2011<br>Rs. |
|-----------------------------------|----------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |          |                                |                                |                                |                                |                                |
| <b>1) Share Holders' Funds</b>    |          |                                |                                |                                |                                |                                |
| Share Capital                     | 1        | 19,97,99,500                   | 19,97,99,500                   | 9,97,99,500                    | 9,97,99,500                    | 9,97,99,500                    |
| Reserves & Surplus                | 2        | 8,36,91,416                    | 5,64,29,655                    | 3,13,99,463                    | 2,37,14,733                    | 1,44,17,315                    |
| <b>2) Non-current Liabilities</b> |          |                                |                                |                                |                                |                                |
| Long-term borrowings              | 3        | 27,28,58,550                   | 12,82,21,900                   | 7,26,61,400                    | 12,88,55,700                   | 7,22,83,300                    |
| Long term provisions              | 4        | 2,01,78,864                    | 1,80,84,628                    | 1,72,63,710                    | 1,71,21,731                    | 1,84,39,204                    |
| <b>3) Current Liabilities</b>     |          |                                |                                |                                |                                |                                |
| Trade Payable                     | 5        | 10,61,662                      | 8,34,192                       | 5,54,151                       | 33,000                         | 31,811                         |
| Other current liabilities         | 6        | 21,89,02,574                   | 10,11,96,166                   | 6,67,50,579                    | 1,75,10,321                    | 9,09,201                       |
| Deferred tax liability (net)      | 7        | 11,790                         | -                              | -                              | -                              | -                              |
| Short-term provisions             | 8        | 1,44,51,556                    | 59,25,650                      | 55,98,438                      | 91,88,839                      | 55,79,737                      |
| <b>Total</b>                      |          | <b>81,09,55,912</b>            | <b>51,04,91,691</b>            | <b>29,40,27,241</b>            | <b>29,62,23,824</b>            | <b>21,14,60,068</b>            |
| <b>II ASSETS</b>                  |          |                                |                                |                                |                                |                                |
| <b>1) Non-current Assets</b>      |          |                                |                                |                                |                                |                                |
| Fixed Assets                      |          |                                |                                |                                |                                |                                |
| - Tangible Assets                 |          | 3,03,922                       | 98,508                         | 1,22,710                       | 91,410                         | 1,27,958                       |
| - Intangible Assets               |          | 6,355                          | 10,592                         | 17,653                         | -                              | -                              |
| Non Current Investments           | 9        | 96,64,500                      | 96,64,500                      | 96,64,500                      | 96,64,500                      | 96,64,500                      |
| Deferred tax assets (net)         | 7        | -                              | 13,056                         | 20,741                         | 12,418                         | 10,706                         |
| Long term loans and advances      | 10       | 32,69,14,149                   | 24,48,02,153                   | 11,91,06,336                   | 5,21,92,593                    | 9,22,91,702                    |
| Other non current assets          | 11       | 2,19,07,902                    | 1,27,06,760                    | 58,32,626                      | 81,47,528                      | 64,20,837                      |
| <b>2) Current Assets</b>          |          |                                |                                |                                |                                |                                |
| Cash And Cash Equivalents         | 12       | 10,77,47,169                   | 9,24,18,022                    | 10,14,30,230                   | 15,27,33,009                   | 10,16,64,633                   |
| Short term loans and advances     | 13       | 34,33,31,801                   | 14,64,07,273                   | 5,50,27,121                    | 7,10,60,075                    | 1,29,327                       |
| Other Current Assets              | 14       | 10,80,114                      | 43,70,827                      | 28,05,324                      | 23,22,291                      | 11,50,405                      |
| <b>Total</b>                      |          | <b>81,09,55,912</b>            | <b>51,04,91,691</b>            | <b>29,40,27,241</b>            | <b>29,62,23,824</b>            | <b>21,14,60,068</b>            |



**NABKISAN FINANCE LIMITED**  
(formally Agri Development Finance (TN) Ltd)  
**STATEMENT OF PROFIT AND LOSS**

| Particulars   | Sch. No. | For the year ended |     | For the year ended |     | For the year ended |     | For the year ended |     |                    |
|---|----------|--------------------|-----|--------------------|-----|--------------------|-----|--------------------|-----|--------------------|
|   |          | March 31, 2015     | Rs. | March 31, 2014     | Rs. | March 31, 2013     | Rs. | March 31, 2012     | Rs. | March 31, 2011     |
| <b>I INCOME</b>   |          |                    |     |                    |     |                    |     |                    |     |                    |
| Revenue from Operations   | 15       | 6,39,38,382        |     | 3,63,46,683        |     | 1,11,29,079        |     | 1,35,87,048        |     | 57,31,847          |
| Other Income  | 16       | 1,27,17,064        |     | 92,39,789          |     | 1,62,78,467        |     | 2,04,59,657        |     | 1,21,59,708        |
| <b>Total A</b>  |          | <b>7,66,55,446</b> |     | <b>4,55,86,472</b> |     | <b>2,74,07,546</b> |     | <b>3,40,46,705</b> |     | <b>1,78,91,555</b> |
| <b>II EXPENDITURE</b>   |          |                    |     |                    |     |                    |     |                    |     |                    |
| Finance Cost  | 17       | 2,94,99,983        |     | 1,49,99,446        |     | 94,55,182          |     | 82,93,238          |     | 33,71,360          |
| Employee Benefits Expenses  | 18       | 41,61,328          |     | 38,17,493          |     | 31,64,206          |     | 43,85,237          |     | 23,62,546          |
| General Selling & Administrative Expenses                                   | 19       | 13,41,717          |     | 10,88,598          |     | 20,02,561          |     | 3,34,949           |     | 3,78,537           |
| Provisions & Contingencies  |          | 6,97,627           |     | 5,42,639           |     | 1,27,201           |     | 55,81,025          |     | -                  |
| Depreciation  |          | 53,425             |     | 48,313             |     | 32,569             |     | 36,548             |     | 46,797             |
| <b>Total B</b>  |          | <b>3,57,54,079</b> |     | <b>2,04,96,489</b> |     | <b>1,47,81,719</b> |     | <b>1,86,30,997</b> |     | <b>61,59,240</b>   |
| <b>III Profit before exceptional and extraordinary items and tax (I-II)</b> |          | <b>4,09,01,367</b> |     | <b>2,50,89,983</b> |     | <b>1,26,25,827</b> |     | <b>1,54,15,708</b> |     | <b>1,17,32,316</b> |
| <b>IV Extraordinary items</b>   |          | -                  |     | -                  |     | 3,63,685           |     | 20,12,073          |     | -                  |
| <b>V Profit / (Loss) before Taxation</b>                                    |          | <b>4,09,01,367</b> |     | <b>2,50,89,983</b> |     | <b>1,22,62,142</b> |     | <b>1,34,03,635</b> |     | <b>1,17,32,316</b> |
| <b>VI Tax Expenses</b>  |          |                    |     |                    |     |                    |     |                    |     |                    |
| - Earlier Tax   |          | 1,23,706           |     | (54,06,465)        |     | -                  |     | -                  |     | 5,075              |
| - Current Tax   |          | 1,34,91,054        |     | 54,58,571          |     | 45,85,735          |     | 41,07,928          |     | 25,00,000          |
| - Deferred Tax  |          | 24,846             |     | 7,685              |     | (8,323)            |     | (1,712)            |     | 3,439              |
| <b>VII Profit / (Loss) after Tax</b>  |          | <b>2,72,61,761</b> |     | <b>2,50,30,192</b> |     | <b>76,84,730</b>   |     | <b>92,97,419</b>   |     | <b>92,23,802</b>   |
| <b>VIII Earning per Equity Share: Basic &amp; Diluted</b>                   |          | <b>1.36</b>        |     | <b>1.66</b>        |     | <b>0.77</b>        |     | <b>0.93</b>        |     | <b>0.92</b>        |



NABKISAN FINANCE LIMITED

Accompanying notes to the financial statements  
for the year ended

Schedule -1

SHARE CAPITAL

Details of authorised, issued and subscribed share capital

| Particulars  | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Authorised Capital - Equity shares of Rs.10/- each       | 50,00,00,000          | 50,00,00,000          | 50,00,00,000          | 25,00,00,000          | 25,00,00,000          |
| Issued Capital - - Equity shares of Rs.10/- each         | 19,97,99,500          | 19,97,99,500          | 9,97,99,500           | 9,97,99,500           | 9,97,99,500           |
| Subscribed and Paid up - - Equity shares of Rs.10/- each | 19,97,99,500          | 19,97,99,500          | 9,97,99,500           | 9,97,99,500           | 9,97,99,500           |
|  | 19,97,99,500          | 19,97,99,500          | 9,97,99,500           | 9,97,99,500           | 9,97,99,500           |

Schedule -2

RESERVES & SURPLUS

| Particulars   | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Surplus in Statement of Profit and Loss</b>                                  |                       |                       |                       |                       |                       |
| Opening Balance   | 4,03,28,852           | 2,03,04,698           | 1,41,56,914           | 67,18,979             | (6,60,062)            |
| Transfer from Profit & Loss Account   | 2,72,61,761           | 2,50,30,192           | 76,84,730             | 92,97,419             | 92,23,801             |
| Amount available for appropriation  | 6,75,90,613           | 4,53,34,890           | 2,18,41,644           | 1,60,16,398           | 85,63,739             |
| Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934                          | 54,52,352             | 50,06,038             | 15,36,946             | 18,59,484             | 18,44,760             |
| Balance as at the end of the year (A)   | 6,21,38,261           | 4,03,28,852           | 2,03,04,698           | 1,41,56,914           | 67,18,980             |
| <b>Special Reserve</b>  |                       |                       |                       |                       |                       |
| Opening Balance   | 1,61,00,803           | 1,10,94,765           | 95,57,819             | 76,98,335             | 58,53,575             |
| Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934 | 54,52,352             | 50,06,038             | 15,36,946             | 18,59,484             | 18,44,760             |
| Balance as at the end of the year (B)   | 2,15,53,155           | 1,61,00,803           | 1,10,94,765           | 95,57,819             | 76,98,335             |
| <b>TOTAL (C) = (A) + (B)</b>  | <b>8,36,91,416</b>    | <b>5,64,29,655</b>    | <b>3,13,99,463</b>    | <b>2,37,14,733</b>    | <b>1,44,17,315</b>    |

Schedule -3

LONG TERM BORROWING

| Particulars        | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Secured            |                       |                       |                       |                       |                       |
| Unsecured          |                       |                       |                       |                       |                       |
| - Loan from NABARD | 27,28,58,550          | 12,82,21,900          | 7,26,61,400           | 12,88,55,700          | 7,22,83,300           |
| Total              | 27,28,58,550          | 12,82,21,900          | 7,26,61,400           | 12,88,55,700          | 7,22,83,300           |



NABKISAN FINANCE LIMITED

Accompanying notes to the financial statements  
for the year ended

Schedule -4

LONG-TERM PROVISIONS

| Particulars   | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Provision for employee benefits:</i>             |                       |                       |                       |                       |                       |
| Gratuity  | 9,98,251              | 8,03,230              | 5,45,310              | 4,09,054              | 2,99,898              |
| Provision for Standard Assets (Refer Note i)        | 7,76,171              | 5,70,891              | 2,56,652              | 2,66,988              | -                     |
| Provision for Non-Performing Assets (Refer Note ii) | 1,64,45,689           | 1,64,45,689           | 1,64,45,689           | 1,64,45,689           | 1,81,39,306           |
| Interest Rebate on Term Loan                        | 2,54,703              | 1,47,918              | 16,059                | -                     | -                     |
| Subsidy Reserve Fund                                | 17,04,050             | 1,16,900              | -                     | -                     | -                     |
| <b>Total</b>  | <b>2,01,78,864</b>    | <b>1,80,84,628</b>    | <b>1,72,63,710</b>    | <b>1,71,21,731</b>    | <b>1,84,39,204</b>    |

Schedule -5

TRADE PAYABLES

| Particulars          | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Outstanding Expenses | 10,61,662             | 8,34,192              | 5,54,151              | 33,000                | 31,811                |
| <b>Total</b>         | <b>10,61,662</b>      | <b>8,34,192</b>       | <b>5,54,151</b>       | <b>33,000</b>         | <b>31,811</b>         |

Schedule -6

OTHER CURRENT LIABILITIES

| Particulars                                | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Current maturities of Long-term debt       | 21,20,15,200          | 9,81,60,800           | 6,53,81,900           | 1,60,00,000           | 0                     |
| Interest accrued but not due on borrowings | 68,82,244             | 30,31,995             | 13,62,465             | 14,60,120             | 8,81,661              |
| Others                                     |                       |                       |                       |                       |                       |
| - Withholding Taxes                        | 5,130                 | 3,371                 | 3,371                 | 50,201                | 27,540                |
| - Service Tax Payable                      | -                     | -                     | 2,843                 | -                     | -                     |
| <b>Total</b>                               | <b>21,89,02,574</b>   | <b>10,11,96,166</b>   | <b>6,67,50,579</b>    | <b>1,75,10,321</b>    | <b>9,09,201</b>       |

Schedule -7

DEFERRED TAX LIABILITY (NET)

| Particulars                             | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Deferred tax Asset / Liabilities        | 13,056                | 20,741                | 12,418                | 10,706                | 14,145                |
| Add / Less: Adjustments during the year | (24,846)              | (7,685)               | 8,323                 | 1,712                 | (3,439)               |
| Deferred tax Asset / Liabilities        | <b>(11,790)</b>       | <b>13,056</b>         | <b>20,741</b>         | <b>12,418</b>         | <b>10,706</b>         |



NABKISAN FINANCE LIMITED  
 Accompanying notes to the financial statements  
 for the year ended

Schedule -8  
 SHORT TERM PROVISIONS

| Particulars  | March 31, 2015<br>Rs.   | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Provisions for employee benefit<br>- Leave Encashment                            | 1,02,218                | 1,01,143              | 54,435                | 38,131                | 49,030                |
| Others<br>- Provision made against Standard Assets<br>- Provision for Income Tax | 8,58,284<br>1,34,91,054 | 3,65,936<br>54,58,571 | 1,37,538<br>54,06,465 | 0<br>91,50,708        | -<br>55,30,707        |
|  | 1,44,51,556             | 59,25,650             | 55,98,438             | 91,88,839             | 55,79,737             |

Schedule -9  
 NON CURRENT INVESTMENTS

| Particulars   | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Investment at Cost in Bhavishya Nirman Bonds issued by NABARD (Face Value - Rs.8500 per Bond) | 96,64,500             | 96,64,500             | 96,64,500             | 96,64,500             | 96,64,500             |
|   | 96,64,500             | 96,64,500             | 96,64,500             | 96,64,500             | 96,64,500             |

Schedule -10  
 LONG TERM LOANS AND ADVANCES

| Particulars                                 | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Secured, Considered good:<br>Term Loans     | 31,04,68,460          | 22,83,56,464          | 10,26,60,647          | 3,57,46,904           | 6,55,11,099           |
| Unsecured, Considered good:<br>Term Loans   | -                     | -                     | -                     | -                     | -                     |
| Secured, Considered doubtful:<br>Term Loans | 1,64,45,689           | 1,64,45,689           | 1,64,45,689           | 1,64,45,689           | 2,67,80,603           |
|   | 32,69,14,149          | 24,48,02,153          | 11,91,06,336          | 5,21,92,593           | 9,22,91,702           |





**NABKISAN FINANCE LIMITED**

Accompanying notes to the financial statements  
for the year ended

**Schedule -11**

**OTHER NON-CURRENT ASSETS**

| Particulars  | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Unsecured, considered Good</b>                          |                       |                       |                       |                       |                       |
| (a) Income accrued on Investments (Bhavishya Nirman Bonds) | 71,85,648             | 58,03,801             | 45,35,277             | 33,70,781             | 23,01,784             |
| (b) Advance Income Tax (net of provisions)                 | 1,47,22,254           | 69,02,959             | 12,97,349             | 47,76,747             | 41,19,053             |
|  | <b>2,19,07,902</b>    | <b>1,27,06,760</b>    | <b>58,32,626</b>      | <b>81,47,528</b>      | <b>64,20,837</b>      |

**Schedule -12**

**CASH AND CASH EQUIVALENTS**

| Particulars                | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Balances with Banks</b> |                       |                       |                       |                       |                       |
| - In Current Account       | 18,71,197             | 7,07,020              | 8,64,193              | 9,84,738              | 47,461                |
| - In Deposit Account       | 10,58,75,364          | 9,17,10,364           | 10,05,65,894          | 15,17,47,530          | 10,16,16,530          |
| <b>Cash on Hand</b>        | 608                   | 638                   | 143                   | 741                   | 642                   |
|                            | <b>10,77,47,169</b>   | <b>9,24,18,022</b>    | <b>10,14,30,230</b>   | <b>15,27,33,009</b>   | <b>10,16,64,633</b>   |

**Schedule -13**

**SHORT-TERM LOANS AND ADVANCES**

| Particulars                     | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Credit Facilities</b>        |                       |                       |                       |                       |                       |
| Secured considered good         | 34,33,13,678          | 14,63,74,580          | 5,50,15,108           | 7,10,48,119           | -                     |
| Unsecured, considered good      | -                     | -                     | -                     | -                     | -                     |
| Doubtful                        | -                     | -                     | -                     | 0                     | 0                     |
| <b>Other Loans and Advances</b> |                       |                       |                       |                       |                       |
| Deposits & Prepaid Expenses     | 18,122                | 32,693                | 12,013                | 11,956                | 1,29,327              |
|                                 | <b>34,33,31,801</b>   | <b>14,64,07,273</b>   | <b>5,50,27,121</b>    | <b>7,10,60,075</b>    | <b>1,29,327</b>       |



NABKISAN FINANCE LIMITED  
 Accompanying notes to the financial statements  
 for the year ended  
 Schedule -14

OTHER CURRENT ASSETS

| Particulars                            | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Unsecured considered Good              |                       |                       |                       |                       |                       |
| Interest accrued on loans and advances | -                     | 32,40,049             | 11,23,362             | 4,10,789              | 2,51,214              |
| Income accrued on Fixed Deposits       | 10,80,114             | 11,30,778             | 16,81,962             | 19,11,502             | 8,99,191              |
|  | 10,80,114             | 43,70,827             | 28,05,324             | 23,22,291             | 11,50,405             |



**NABKISAN FINANCE LIMITED**

Accompanying notes to the financial statements

for the year ended

**REVENUE FROM OPERATIONS**

**Schedule 15**

| Particulars    | March 31, 2015     | Rs. | March 31, 2014     | Rs. | March 31, 2013     | Rs. | March 31, 2012     | Rs. | March 31, 2011   | Rs. |
|----------------|--------------------|-----|--------------------|-----|--------------------|-----|--------------------|-----|------------------|-----|
| Interest       | 5,86,67,994        |     | 3,31,64,638        |     | 96,08,829          |     | 1,24,62,598        |     | 55,57,897        |     |
| Processing Fee | 52,70,388          |     | 31,82,045          |     | 15,20,250          |     | 11,24,450          |     | 1,73,950         |     |
|                | <b>6,39,38,382</b> |     | <b>3,63,46,683</b> |     | <b>1,11,29,079</b> |     | <b>1,35,87,048</b> |     | <b>57,31,847</b> |     |

**Schedule 16**

**OTHER INCOME**

| Particulars               | March 31, 2015     | Rs. | March 31, 2014   | Rs. | March 31, 2013     | Rs. | March 31, 2012     | Rs. | March 31, 2011     | Rs. |
|---------------------------|--------------------|-----|------------------|-----|--------------------|-----|--------------------|-----|--------------------|-----|
| Interest on               |                    |     |                  |     |                    |     |                    |     |                    |     |
| - Term Deposit            | 1,12,75,169        |     | 79,69,979        |     | 1,51,10,798        |     | 1,19,64,596        |     | 70,98,974          |     |
| - Investment              | 13,81,847          |     | 12,68,525        |     | 11,64,495          |     | 10,68,997          |     | 9,81,331           |     |
| Misc. Income              | 60,048             |     | 1,285            |     | 3,174              |     | 4,18,639           |     | 2,24,108           |     |
| Reversal of NPA Provision | -                  |     | -                |     | -                  |     | 70,07,425          |     | 38,55,295          |     |
|                           | <b>1,27,17,064</b> |     | <b>92,39,789</b> |     | <b>1,62,78,467</b> |     | <b>2,04,59,657</b> |     | <b>1,21,59,708</b> |     |



NABKISAN FINANCE LIMITED

Accompanying notes to the financial statements

for the year ended

Schedule 17

Finance Costs

| Particulars                  | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Interest on NABARD           |                       |                       |                       |                       |                       |
| - Refinance term loans       | 2,94,93,091           | 1,48,51,528           | 94,55,182             | 82,93,238             | 33,71,360             |
| Interest Rebate on Term Loan | 6,892                 | 1,47,918              | -                     | -                     | -                     |
|                              | <b>2,94,99,983</b>    | <b>1,49,99,446</b>    | <b>94,55,182</b>      | <b>82,93,238</b>      | <b>33,71,360</b>      |

Schedule 18

Employee Benefit Expenses

| Particulars                  | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Salaries & Allowances        | 30,98,506             | 27,89,475             | 24,11,843             | 39,90,414             | 19,77,092             |
| Contribution to Welfare Fund | 2,40,537              | 2,98,375              | 1,54,692              | 1,26,812              | 1,10,102              |
| Staff Welfare Expenses       | 8,22,285              | 7,29,643              | 5,97,671              | 2,68,011              | 2,75,352              |
|                              | <b>41,61,328</b>      | <b>38,17,493</b>      | <b>31,64,206</b>      | <b>43,85,237</b>      | <b>23,62,546</b>      |

Schedule 19

General Selling & Administrative Expenses

| Particulars                               | March 31, 2015<br>Rs. | March 31, 2014<br>Rs. | March 31, 2013<br>Rs. | March 31, 2012<br>Rs. | March 31, 2011<br>Rs. |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Communication charges                     | 53,824                | 36,459                | 30,543                | 32,524                | 31,559                |
| Insurance                                 | 525                   | 461                   | 948                   | 964                   | 974                   |
| Legal and professional & consultancy fees | 1,37,166              | 1,09,256              | 1,10,229              | 3,200                 | 2,750                 |
| Statutory Audit Fee                       | 51,300                | 33,708                | 16,854                | 15,000                | 16,545                |
| Tax Audit Fee                             | 8,550                 | 8,427                 | -                     | 7,500                 | 8,273                 |
| Electricity & Water Charges               | 36,351                | 39,243                | 9,869                 | 16,403                | 13,703                |
| Printing and Stationary                   | 1,06,001              | 60,180                | 47,190                | 33,021                | 31,720                |
| Rent                                      | 1,25,646              | 1,25,646              | 1,11,600              | 1,11,600              | 1,11,600              |
| Rates and taxes                           | 61,357                | 14,956                | 13,26,115             | 48,374                | 53,512                |
| Travel & conveyance                       | 5,67,403              | 4,88,585              | 1,98,404              | 5,952                 | 34,547                |
| Repairs and maintenance                   | 47,291                | 64,361                | 29,113                | 25,558                | 24,507                |
| Office expenses                           | 1,24,497              | 90,428                | 23,490                | 12,206                | 11,290                |
| Administration expenses                   | 21,806                | 16,889                | 42,605                | 22,647                | 17,225                |
| Advertising & Sales Promotion             | -                     | -                     | 55,601                | -                     | 20,332                |
|   | <b>13,41,717</b>      | <b>10,88,598</b>      | <b>20,02,561</b>      | <b>3,34,949</b>       | <b>3,78,537</b>       |



NABKISAN FINANCE LIMITED

Cash Flow Statement for the year ended

| Particulars   | March 31, 2015 |               | March 31, 2014 |                | March 31, 2013 |               | March 31, 2012 |               | March 31, 2011 |              |
|---|----------------|---------------|----------------|----------------|----------------|---------------|----------------|---------------|----------------|--------------|
|   | Rs.            | Rs.           | Rs.            | Rs.            | Rs.            | Rs.           | Rs.            | Rs.           | Rs.            | Rs.          |
| Cash Flow from Operating Activities                         |                |               |                |                |                |               |                |               |                |              |
| Net Profit before taxation and extraordinary items          |                | 4,09,01,367   |                | 2,50,89,983    |                | 1,26,25,827   |                | 1,54,15,708   |                | 1,17,32,316  |
| Adjustment for:   |                |               |                |                |                |               |                |               |                |              |
| Interest Income   | (1,26,57,016)  |               | (92,38,504)    |                | (1,62,78,467)  |               | (1,30,33,593)  |               | (80,80,305)    |              |
| Depreciation  | 53,425         |               | 48,313         |                | 32,569         |               | 36,548         |               | 46,797         |              |
| Profit on Sale of Assets                                    | (4,483)        |               | -              |                | (2,529)        |               | -              |               | -              |              |
| Operating profit before working capital changes             |                | (1,26,08,074) |                | (91,90,192)    |                | (1,62,48,427) |                | (1,29,97,045) |                | (80,33,508)  |
| Adjustment for:   |                |               |                |                |                |               |                |               |                |              |
| Increase / (Decrease) in Secured Advances                   | (27,90,51,094) |               | (21,70,55,289) |                | (5,61,94,300)  |               | (3,25,30,543)  |               | (2,15,07,857)  |              |
| Increase in Advances & Deposits recoverable in cash or kind | (58,95,859)    |               | (84,60,317)    |                | (5,31,56,846)  |               | (28,93,296)    |               | (30,15,389)    |              |
| Increase / (Decrease) in current liability & provisions     | 27,31,90,670   |               | (9,14,34,258)  |                | 5,04,20,916    |               | 7,51,47,884    |               | 2,66,18,236    |              |
| Cash generated from Operations                              |                | (1,17,56,283) |                | (13,40,81,348) |                | (5,89,30,230) |                | 3,97,24,045   |                | 20,94,990    |
| Direct Taxes paid (net of refunds)                          |                | 1,65,37,010   |                | (11,81,81,557) |                | (6,25,52,830) |                | 4,21,42,708   |                | 57,93,797    |
| Extraordinary Item  |                | (1,36,14,760) |                | (54,58,571)    |                | (45,85,735)   |                | (41,07,928)   |                | -            |
| Net Cash from Operating Activities                          |                | 29,22,250     |                | (12,36,40,128) |                | (6,75,02,250) |                | 3,80,34,780   |                | 57,93,797    |
| Cash flow from Investing activities                         |                |               |                |                |                |               |                |               |                |              |
| Purchase of Fixed Assets                                    | (2,54,619)     |               | (17,050)       |                | (82,063)       |               | -              |               | (51,480)       |              |
| Sale of Fixed Assets  | 4,500          |               | -              |                | 3,070          |               | -              |               | -              |              |
| Interest Income   | 1,26,57,016    |               | 92,38,504      |                | 1,62,78,467    |               | 1,30,33,593    |               | 80,80,305      |              |
| Net Cash flow investing activities                          |                | 1,24,06,897   |                | 92,21,454      |                | 1,61,99,474   |                | 1,30,33,593   |                | 80,28,825    |
| Net increase in cash and cash equivalents                   |                | 1,53,29,147   |                | (11,44,18,675) |                | (5,13,02,776) |                | 5,10,68,373   |                | 1,38,22,621  |
| Cash and cash equivalent at beginning of the year           |                | 9,24,18,022   |                | 10,14,30,230   |                | 15,27,33,007  |                | 10,16,64,634  |                | 8,78,42,013  |
| Cash and cash equivalent at end of the year                 |                | 10,77,47,169  |                | 9,24,18,022    |                | 10,14,30,230  |                | 15,27,33,007  |                | 10,16,64,634 |

Note:

- (1) Earlier year figures are regrouped to confirm with the figures for the financial year 2014-15.
- (2) Amounts are rounded off to the nearest rupee.
- (3) Earnings per share for the financial year 2013-14 is calculated in proportion to the paid up capital during the year.
- (4) Earnings per share for the financial year 2012-13 is Rs.0.77 instead of Rs.0.81.

For BHANDARI & KESWANI  
Chartered Accountants (M. No. 000433S)

*P. Bhandari*  
17/02/2016  
**PARTNER**  
**P. BHANDARI**  
M. No. 017411

## NABKISAN FINANCE LIMITED

(formerly Agri Development Finance (Tamil Nadu) Limited)

NOTES ON ACCOUNTS AND

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED (31<sup>st</sup> March 2015, 2014, 2013, 2012 & 2011)

**Note 1:**

| 2014-15   | 2013-14   | 2012-13   | 2011-12    | 2010-11    |
|---|---|---|------------|------------|
| <p><b>1.1 Business Overview</b></p> <p>Agri Development Finance (Tamilnadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited company. The Company commenced its operations on April 16, 1997. The name of the company was changed to 'NABKISAN Finance Limited' (NKFL) w.e.f. 18.09.2014, to expand its area of operation on a Pan India basis.</p> <p>The Company is a Non-Banking Finance Company not accepting public deposit and engaged in the business of providing financial assistance to agriculture &amp; allied activities to individuals/companies and also through PLFs/Trusts/Societies, etc.</p> <p><b>1.2 Operational Outlook</b></p> <p>The Company being a holder of the CoR granted by RBI u/s 45-LA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of</p> | <p><b>1.1 Business Overview</b></p> <p>Agri Development Finance (Tamil nadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited company. The Company commenced its operations on April 16, 1997.</p> <p>The Company is a Non-Banking Finance Company not accepting public deposit engaged in the business of providing financial assistance to agriculture &amp; allied activities to individuals/ companies and also through PLFs/ Trusts/ Societies, etc.</p> <p><b>1.2 Operational Outlook</b></p> <p>The Company being a holder of the CoR granted by RBI u/s 45-LA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 79.73% of the gross income and it's</p> | <p><b>1.1 Business Overview</b></p> <p>Agri Development Finance (Tamil nadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited company. The Company commenced its operations on April 16, 1997.</p> <p>The Company is a Non-Banking Finance Company not accepting public deposit engaged in the business of providing financial assistance to Micro Finance institutions and Panchayat level federation</p> <p><b>1.2 Operational Outlook</b></p> <p>The Company being a holder of the CoR granted by RBI u/s 45-LA of the RBI Act, 1934 is bound to comply with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006. However the Company's financial income is less than 50% of the gross income as against the stipulated financial income of more than 50% of its Gross income required by the abovementioned circular. However the Company's management believes that the business plan</p> | <p>Nil</p> | <p>Nil</p> |



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| financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 83.41% of the gross income and its financial asset (loan asset) is 82.66% of the total assets. | financial asset (loan asset) is 76.63% of the total assets. | placed before Board of Directors in its meeting held on August 17, 2012 is achievable and they will comply with the condition in the forthcoming years. |  |  |
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**Note 2:**

**Significant Accounting Policies**

| 2014-15   | 2013-14  | 2012-13  | 2011-12   | 2010-11  |
|---|--|--|---|--|
| <p><b>Basis for preparation of Financial Statements</b></p> <p>The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> <p>All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the</p> | <p><b>Basis for preparation of Financial Statements</b></p> <p>The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> <p>All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and</p> | <p><b>Basis for preparation of Financial Statements</b></p> <p>The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> <p>All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in schedule VI to the Companies Act, 1956. Based on the nature of services and</p> | <p><b>Basis for preparation of Financial Statements</b></p> <p>The Financial Statements are prepared on historical cost convention on accrual basis as a going concern with revenues recognized and expenses accounted on their accrual to comply with all material aspects of generally accepted accounting standards prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956.</p> | <p><b>METHOD OF ACCOUNTING</b></p> <p>The Financial Statements are prepared on historical cost convention on accrual basis as a going concern with revenues recognized and expenses accounted on their accrual to comply with all material aspects of generally accepted accounting standards prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956.</p> |



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| <p>cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities</p> | <p>other criteria set-out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities</p> | <p>the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities</p> |  |  |
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| 2014-15  | 2013-14   | 2012-13   | 2011-12 | 2010-11 |
|--|---|---|---------|---------|
| <p><b>Use of Estimates:</b></p> <p>The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.</p> | <p><b>Use of Estimates</b></p> <p>The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.</p> | <p><b>Use of Estimates</b></p> <p>The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.</p> |         |         |





| 2014-15   | 2013-14   | 2012-13   | 2011-12   | 2010-11   |
|---|---|---|---|---|
| <p><b>Fixed Assets and Depreciation</b></p> <p>Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.</p> <p>Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule XIV to the Companies Act, 1956.</p> | <p><b>Fixed Assets and Depreciation</b></p> <p>Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.</p> <p>Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule XIV to the Companies Act, 1956.</p> | <p><b>Fixed Assets and Depreciation</b></p> <p>Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.</p> <p>Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule XIV to the Companies Act, 1956.</p> | <p><b>Fixed Assets and Other Fixed Assets</b></p> <p>Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.</p> <p>Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule XIV to the Companies Act, 1956.</p> | <p><b>FIXED ASSETS AND DEPRECIATION</b></p> <p>Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.</p> <p>Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written down value Method in accordance with Schedule XIV to the Companies Act, 1956.</p> |

| 2014-15   | 2013-14   | 2012-13   | 2011-12  | 2010-11  |
|---|---|---|--|--|
| <p><b>Investments</b></p> <p>The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. The long term investment of the company is in BhavishyaNirman Bonds. The company has</p> | <p><b>Investments</b></p> <p>The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever</p> | <p><b>Investments</b></p> <p>The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever</p> | <p><b>Investments</b></p> <p>The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered</p> | <p><b>VALUATION OF INVESTMENTS</b></p> <p>The long term investments are stated at cost and</p> |

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| <p>invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-, maturing between July 2018 and October 2018. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.</p> <p>The interest earned but not due during the year of above said bonds is recognized as income and classified under other non-current assets. Current investments are valued at lower of cost and market value / net asset value.</p> | <p>necessary. The long term investment of the company is BhavishyaNirman Bonds. The company has invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-, maturing between July 2018 and October 2018. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.</p> <p>The interest earned but not due during the year of above said bonds is recognized as income and classified under other non-current assets. Current investments are valued at lower of cost and market value / net asset value.</p> | <p>necessary. The long term investment of the company is BhavishyaNirman Bonds. In the absence of information on quotation the bonds are valued at cost.</p> <p>The interest earned but not due during the year of above said bonds is recognized as income and classified under other non-current assets. Current investments are valued at lower of cost and market value / net asset value.</p> | <p>wherever necessary. The long term investment of the company is BhavishyaNirman Bonds. In the absence of information on quotation the bonds are valued at cost.</p> <p>The interest earned but not due during the year of above said bonds is recognized as income and classified under other non-current assets.</p> <p>Current investments are valued at lower of cost and market value / net asset value.</p> | <p>provision for diminution in value, other than temporary, is considered wherever necessary. The long term investment of the company is BhavishyaNirman Bonds. In the absence of information on quotation the bonds are valued at cost.</p> <p>The interest earned but not due during the year of above said bonds is recognized as income and classified under investments instead of current assets to arrive at current value of investment.</p> <p>Current investments are valued at lower of cost and market value / net asset value.</p> |
|--|---|--|--|---|

| 2014-15   | 2013-14   | 2012-13   | 2011-12  | 2010-11  |
|---|---|---|--|--|
| <p><b>Revenue Recognition</b></p> <p>The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and is</p> | <p><b>Revenue Recognition</b></p> <p>The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and is</p> | <p><b>Revenue Recognition</b></p> <p>The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and is recognized on</p> | <p><b>Revenue Recognition</b></p> <p>The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and are</p> | <p><b>REVENUE RECOGNITION</b></p> <p>The company's income constitutes interest from term loans disbursed and interest from fixed deposits with</p> |



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| <p>recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).</p> | <p>recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).</p> | <p>a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).</p> | <p>recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).</p> | <p>banks and are recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).</p> |
|--|--|--|--|--|



| 2014-15  | 2013-14  | 2012-13  | 2011-12  | 2010-11  |
|--|--|--|--|--|
| <p><b>Employee Benefits</b></p> <p>The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund. The company is providing Gratuity to the staff after completion of five years service. The Gratuity is provided at half a month salary for each year of completed service. In case of Officers on Deputation, the Gratuity is provided at the rate of one month's pay plus dearness allowance as defined in NABARD (Payment of Gratuity to Employees) Rules, 1983 for each completed year of service (placement) and proportionately for part thereof. Provision for Gratuity is computed and provided in accordance with para 52 of Accounting standard – 15.</p> | <p><b>Employee Benefits</b></p> <p>The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund. The company is providing Gratuity to the staff after completion of five years service. The Gratuity is provided at half a month salary for each year of completed service. In case of Officers on Deputation, the Gratuity is provided at the rate of one month's pay plus dearness allowance as defined in NABARD (Payment of Gratuity to Employees) Rules, 1983 for each completed year of service (placement) and proportionately for part thereof. Provision for Gratuity is computed and provided in accordance with para 52 of Accounting standard – 15.</p> | <p><b>Employee Benefits</b></p> <p>The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and also eligible Gratuity. Provision for Gratuity is computed and provided in accordance with para 52 of Accounting standard – 15.</p> | <p><b>Employee Benefits</b></p> <p>The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and also eligible Gratuity. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.</p> | <p><b>RETIREMENT BENEFITS</b></p> <p>The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and also eligible Gratuity. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.</p> |

#### Borrowing Cost

The company obtained refinancing from NABARD. The interest cost on refinance is recognized on a time proportion basis taking into account amount outstanding and the rate applicable.

The transactions with NABARD with regard to refinancing during the year are as follows:

In Rs.

| Particulars     | 2014-15      | 2013-14      | 2012-13      | 2011-12     | 2010-11     |
|-----------------|--------------|--------------|--------------|-------------|-------------|
| Opening Balance | 22,63,82,700 | 13,80,43,300 | 12,88,55,700 | 7,22,83,300 | 4,18,22,200 |
|                 |              |              | 9,58,69,200  | 9,20,00,000 | 5,97,38,900 |



|                                |              |              |              |              |             |
|--------------------------------|--------------|--------------|--------------|--------------|-------------|
| Loan received during the year  | 39,27,50,000 | 16,49,05,000 |              |              |             |
| Loan repaid during the year    | 13,42,58,950 | 7,65,65,600  | 8,66,81,600  | 3,54,27,600  | 2,92,77,800 |
| Closing Balance                | 48,48,73,750 | 22,63,82,700 | 13,80,43,300 | 12,88,55,700 | 7,22,83,300 |
| Interest paid/payable on above | 2,94,93,091  | 1,48,51,528  | 94,55,182    | 82,93,238    | 33,71,360   |

| 2014-15   | 2013-14   | 2012-13   | 2011-12   | 2010-11   |
|---|---|---|---|---|
| <b>Taxation</b>   | <b>Taxation</b>   | <b>Taxation</b>   | <b>Taxation</b>   | <b>DEFERRED TAX</b>   |
| Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961   | Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961   | Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961   | Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961   | In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or |
| In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or | In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or | In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or | In accordance with Accounting Standard 22 – Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or |   |



|                       |                        |                        |  |  |
|-----------------------|------------------------|------------------------|--|--|
| more subsequent year. | more subsequent years. | more subsequent years. |  |  |
|-----------------------|------------------------|------------------------|--|--|

| 2014-15  | 2013-14   | 2012-13  | 2011-12  | 2010-11 |
|--|---|--|--|---------|
| <p><b>Provisions and Contingencies</b></p> <p>Non-Performing Assets(NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.</p> <p>Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.</p> <p>Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:</p> <p>equitable mortgage of property and/or</p> <p>hypothecation of assets and/or</p> <p>company guarantees supported by assets and/or</p> <p>decrial debts where Courts have attached property</p> | <p><b>Provisions and Contingencies</b></p> <p>Non-Performing Assets(NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.</p> <p>Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.</p> <p>Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:</p> <p>equitable mortgage of property and/or</p> <p>hypothecation of assets and/or</p> <p>company guarantees supported by assets and/or</p> <p>company guarantees</p> | <p><b>Provisions and Contingencies</b></p> <p>Non-Performing Assets(NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.</p> <p>Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.</p> <p>Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:</p> <p>equitable mortgage of property and/or</p> <p>hypothecation of assets and/or</p> <p>company guarantees supported by assets and/or</p> <p>decrial debts where Courts have attached property</p> | <p><b>Provisions and Contingencies</b></p> <p>Non-Performing Assets(NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.</p> <p>Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.</p> <p>Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:</p> <p>equitable mortgage of property and/or</p> <p>hypothecation of assets and/or</p> <p>company guarantees supported by assets and/or</p> <p>company guarantees supported by</p> |         |



|   |   |   |  |
|---|---|---|--|
| <p>Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs</p> | <p>supported by assets and/or decrial debts where Courts have attached property</p> <p>Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs</p> | <p>Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs</p> | <p>assets and/or decrial debts where Courts have attached property</p> <p>Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs</p> |
|---|---|---|--|

| 2014-15  | 2013-14  | 2012-13  | 2011-12  | 2010-11 |
|--|--|--|--|---------|
| <p><b>Cash Flow Statements</b></p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information</p> | <p><b>Cash Flow Statements</b></p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information</p> | <p><b>Cash Flow Statements</b></p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information</p> | <p><b>Cash Flow Statements</b></p> <p>Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information</p> |         |



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

## 2.2 Related Party Transaction

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 77.86% on the paid up equity capital of the company. The following payments have been made / payable by the company to NABARD and its deputation staff during the financial year 2014-15.

Amount in Rs.

| Particulars  | 2014-15   | 2013-14   | 2012-13   | 2011-12   | 2010-11   |
|--|-----------|-----------|-----------|-----------|-----------|
| Office Rent (including Property & Sewage Tax)                      | 1,25,646  | 1,25,646  | 1,11,600  | 1,11,600  | 1,11,600  |
| Office Electricity Charges   | 36,351    | 39,243    | 9,869     | 16,403    | 13,703    |
| Office Property Tax, Swage Tax on the area occupied by the company |           |           | 45,380    | 42,359    | 30,286    |
| Managing Director  |           |           |           |           |           |
| Quarters Rent  |           |           |           |           |           |
| Salary   |           |           | 9,186     | 55,116    | 55,116    |
| Gratuity   | 19,35,233 | 18,07,388 |           |           |           |
| Reimbursement Expenses   | 1,22,740  | 1,17,342  | 16,08,902 | 30,00,606 | 10,81,061 |
|  | 7,44,834  | 6,44,117  | 93,512    | 90,740    | 62,517    |





|       |           |           |                       |                     |                     |
|-------|-----------|-----------|-----------------------|---------------------|---------------------|
| Total | 29,64,804 | 27,33,736 | 4,53,217<br>23,31,666 | 46,483<br>33,63,307 | 65,375<br>14,19,658 |
|-------|-----------|-----------|-----------------------|---------------------|---------------------|

| 2014-15   | 2013-14  | 2012-13  | 2011-12 | 2010-11  |
|---|--|--|---------|--|
| <b>Investment</b>   | <b>Investment</b>  | <b>Investment</b>  |         |  |
| The company has invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value of Rs.20,000/- each) at cost of Rs.96,64,500 maturing between July 2018 and October 2018. On maturity the value of the same will be Rs.2,27,40,000/- | The company has invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value of Rs.8,500/- each) at cost of Rs.96,64,500 maturing between July 2018 and October 2018. On maturity the value of the same will be Rs.2,27,40,000/- | The company has invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value of Rs.8,500/- each) at cost of Rs.96,64,500. On maturity the value of the same will be Rs.2,27,40,000/- |         | The company has invested in BhavishyaNirman Bonds issued by NABARD (1137 bonds at face value of Rs.20,000/- each) bought at discounted value of Rs.96,64,500/- . The maturity value of the same is Rs.2,27,40,000/- at 10 years. |

#### Unsecured Loan

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

| Particulars                      | 2014-15      | 2013-14      | 2012-13       | 2011-12      | 2010-11     |
|----------------------------------|--------------|--------------|---------------|--------------|-------------|
| Opening Balance                  | 22,63,82,700 | 13,80,43,300 | 14,48,555,700 | 7,22,83,300  | 4,18,22,200 |
| Loan received during the year    | 39,27,50,000 | 16,49,05,000 | 13,33,69,200  | 20,00,00,000 | 5,97,38,900 |
| Loan repaid during the year      | 13,42,58,950 | 7,65,65,600  | 14,01,81,600  | 12,74,27,600 | 2,92,77,800 |
| Closing Balance                  | 48,48,73,750 | 22,63,82,700 | 13,80,43,300  | 14,48,55,700 | 7,22,83,300 |
| Interest paid / payable on above | 2,94,93,091  | 1,48,51,528  | 94,55,182     | 82,93,238    | 33,71,360   |

For BHANDARI & KESWANI  
Chartered Accountants (M. No. 000433S)

*P. Bhandari*

PARTNER  
P. BHANDARI  
M. No. 017112



## Statement of Accounting Ratios

| PARTICULARS  | 2015  | 2014  | 2013  | 2012  | 2011  |
|--|-------|-------|-------|-------|-------|
| Earning per share (Basic/Diluted)(Rs.)   | 1.36  | 1.66  | 0.77  | 0.93  | 0.92  |
| Return on net worth (%)  | 9.62  | 9.77  | 5.86  | 7.53  | 8.08  |
| Net asset value per equity share (Rs.)   | 14.19 | 12.82 | 13.15 | 12.38 | 11.44 |
| Weighted average number of equity shares outstanding during the year / period (in crore) | 1.998 | 1.498 | 0.998 | 0.998 | 0.998 |
| Total number of share outstanding at the end of the year/ period (in crore)              | 1.998 | 1.998 | 0.998 | 0.998 | 0.998 |
| Debt Equity Ratio  | 2.46  | 1.15  | 1.40  | 1.47  | 0.73  |

Notes:

The ratios have been computed as below :

|  |   |  |
|--|---|--|
| Earning per Share (Rs.)                | = | Profit after tax / Number of equity shares at the end of the year                            |
| Return on net worth (%)                | = | Profit after tax/ Net Worth at the end of the year   |
| Net asset value per equity share (Rs.) | = | Net worth at the end of the year/ Number of equity shares outstanding at the end of the year |
| Debt Equity                            | = | Total debt outstanding at the end of the year/ Equity Capital at the end of the year         |



19/2/2018

ANNEXURE B  
CREDIT RATINGS



CONFIDENTIAL

Ref. No: - CA/FSR/NABARD/2015-16/1932

February 19, 2016

Shri. V. Thirumalai  
Deputy General Manager  
National Bank for Agriculture and Rural Development  
2nd Floor, "D" Wing,  
Plot No. C-24, G- Block,  
Bandra Kurla Complex,  
Bandra – (East), Mumbai - 400 051

Dear Mr. Thirumalai,

**Re: CRISIL Rating for the Rs.50.0 billion Tax Free Bond issue of National Bank For Agriculture and Rural Development. (NABARD)**

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook") rating for the captioned Debt Programme. Instruments with this rating are considered to have the **highest degree of safety** regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

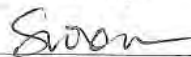
Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular<sup>11</sup> on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

  
Suresh Krishnamurthy  
Director – Financial Sector Ratings

  
Chhavi Agarwal  
Manager – Financial Sector Ratings



<sup>11</sup> Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

*A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.*

*CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors* Classification: EXTERNAL *information on any instrument of any company rated by CRISIL, please contact CRISIL RATI* [www.crisil.com](http://www.crisil.com) or at (+91 22) 3342 3001 – 09.

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

**Details of the Rs.50.0 billion Tax Free Bond issue of National Bank For Agriculture and Rural Development. (NABARD)**

|                                      | <i>1st tranche</i> |               | <i>2nd tranche</i> |               | <i>3rd tranche</i> |               |
|--------------------------------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| <i>Instrument Series:</i>            |                    |               |                    |               |                    |               |
| <i>Amount Placed:</i>                |                    |               |                    |               |                    |               |
| <i>Maturity Period:</i>              |                    |               |                    |               |                    |               |
| <i>Put or Call Options (if any):</i> |                    |               |                    |               |                    |               |
| <i>Coupon Rate:</i>                  |                    |               |                    |               |                    |               |
| <i>Interest Payment Dates:</i>       |                    |               |                    |               |                    |               |
| <i>Principal Repayment Details:</i>  | <i>Date</i>        | <i>Amount</i> | <i>Date</i>        | <i>Amount</i> | <i>Date</i>        | <i>Amount</i> |
|                                      |                    |               |                    |               |                    |               |
| <i>Investors:</i>                    |                    |               |                    |               |                    |               |
| <i>Trustees:</i>                     |                    |               |                    |               |                    |               |

***In case there is an offer document for the captioned Debt programme, please send us a copy of it.***

*A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument, it does not comment on the market price or suitability for a particular investor.*

*CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of any instrument of any company rated by CRISIL, please contact CRISIL RATING SERVICES at 022-33423000. Classification: EXTERNAL. Information on any instrument of any company rated by CRISIL, please contact CRISIL RATING SERVICES at (+91 22) 3342 3000 - 09.*

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Rating Rationale  
National Bank for Agriculture and Rural Development

|   |                                       |
|---|---------------------------------------|
| <b>Tax-Free Bonds Rs.50 Billion</b>                             | <b>CRISIL AAA/Stable (Assigned)</b>   |
| <b>Bonds Aggregating Rs.1020 Billion</b>                        | <b>CRISIL AAA/Stable (Reaffirmed)</b> |
| <b>Rs.230 Billion Commercial Paper</b>                          | <b>CRISIL A1+ (Reaffirmed)</b>        |
| <b>Rs.60 Billion One-Year Certificate of Deposits Programme</b> | <b>CRISIL A1+ (Reaffirmed)</b>        |
| <b>Rs.1 Billion Fixed Deposits Programme</b>                    | <b>FAAA/Stable (Reaffirmed)</b>       |

CRISIL has assigned its 'CRISIL AAA/Stable' rating to Rs.50 billion Tax-Free bond issue of National Bank for Agriculture and Rural Development (NABARD), and reaffirmed the ratings on its other debt instruments and fixed deposit programme at 'CRISIL AAA/FAAA/Stable/CRISIL A1+'.

CRISIL's ratings on NABARD's debt instruments and fixed deposit programme continue to be centrally based on the support NABARD receives from the Government of India (GoI), and the key public policy role the institution plays in India's agriculture sector. The ratings also factor in NABARD's strong capitalisation, robust asset protection mechanism, and adequate resource profile. These rating strengths are partially offset by the bank's modest earnings profile.

NABARD is the apex financial institution that implements GoI's policies on planning and credit dispensation to agricultural and rural sectors. It refinances the entire cooperative credit system and banks through short- and long-term loans to help facilitate the flow of agricultural credit. NABARD also plays a developmental role in strengthening the cooperative structure to evolve a sustainable rural financial system to enhance ground level credit flow to farmers and others in rural areas. Over the past few years, the role and scope of NABARD has been significantly enlarged by GoI; NABARD has been entrusted with the management of various development funds including the Rural Infrastructure Development Fund (RIDF). GoI has been providing regular support to NABARD as reflected in the equity capital infusion of Rs.30 billion in a phased manner over the past four years, in line with the pronouncement in the Union Budget of 2011-12 (refers to financial year, April 1 to March 31); of this, Rs.3.0 billion was infused during 2014-15.

NABARD's strong capitalisation is marked by a high overall capital adequacy ratio of 17.5 percent, as on September 30, 2015 (16.9 percent, as on March 31, 2015) and low asset-related risks. NABARD's capital position is also supported by steady accruals. The institution has a strong networth coverage for non-performing assets (NPAs), because of its low gross NPAs and robust asset protection mechanisms; as on September 30, 2015, gross NPAs accounted for only 0.05 percent of its gross advances (0.05 percent as on March 31, 2015). A large share of NABARD's lending is towards borrowers with inherently weak credit risk profiles. Nevertheless, the institution has strong mechanisms in place to manage its credit risk exposure; around 40 percent of its advances are backed by guarantees from state governments and GoI as on September 30, 2015. In addition, NABARD has the mandate to direct RBI to debit current accounts of its borrowers in the instance of default.

NABARD's resource profile is marked by support from GoI. The institution has been recognised as the nodal agency to mobilise RIDF deposits from commercial banks; these

deposits form a significant portion of its borrowings at around 35.04 percent at September 30, 2015 (39 percent at March 31, 2015). NABARD has been permitted to raise Rs.50 billion of tax-free bonds during the current year. It has been allocated Rs.50 billion each in 2013-14 and 2014-15 for lending towards creation of warehousing facilities in the country, as well as Rs.50 billion for long term rural credit in 2014-15. Furthermore, since 2008-09, GoI has been supporting NABARD's resource profile by creating Short-Term Cooperative Rural Credit (ST CRC) Fund and ST RRB Credit Refinance Fund. However, GoI's fiscal management policies and financial reforms in the past few years have led to an increase in the institution's reliance on market borrowings, resulting, in turn, in an increase in its borrowing cost. CRISIL believes that NABARD will maintain an adequate resource profile supported by the steps taken by GoI to augment the former's funding profile. However, more sustainable long-term funding solutions need to be introduced to support NABARD over the medium term.

NABARD has a modest earnings profile, marked by low gross spreads, driven largely by lending at mandated rates and increased dependence on borrowings at market rates. NABARD's profitability, as measured by its return on assets (RoA) increased to 0.9 percent in 2014-15 from 0.8 percent in 2013-14.

#### **Outlook: Stable**

CRISIL believes NABARD will continue to receive strong funding and operational support from GoI, and maintain its healthy capitalisation and competitive resource costs over the medium term. The asset protection mechanism available to NABARD is likely to continue. The outlook may be revised to 'Negative' if there is a reduction in GoI's commitment to the agricultural and rural sectors, translating into likelihood of a decline in support to NABARD.

#### **About the Bank**

Incorporated in 1982 under an Act of the Indian Parliament, NABARD is governed by the NABARD Act, 1981. NABARD shares supervisory functions with RBI in respect of co-operative banks (other than urban and primary co-operative banks) and regional rural banks (RRBs). GoI and Reserve Bank of India own 99.57 percent and 0.43 percent, respectively, of NABARD's equity share capital.

The bank is the apex refinancing agency providing short- and long-term refinance to state cooperative agricultural and rural development banks, state cooperative banks, RRBs, commercial banks, and other financial institutions approved by RBI to augment credit flow for production and investment purposes in the agriculture and rural sectors. It also plays a developmental role in strengthening the rural financial institutions.

For 2014-15, NABARD reported a profit after tax (PAT) of Rs.24.03 billion on a total income (net of interest expenses) of Rs.48.8 billion, against a PAT of Rs.18.6 billion on a total income (net of interest expenses) of Rs.41.4 billion for the previous year. It reported PAT of Rs.12.5 billion on a total income (net of interest expenses) of Rs.27.5 billion for the first half of 2015-16, against PAT of Rs.11.3 billion on a total income (net of interest expenses) of Rs.23.1 billion for corresponding period of the previous year.

Mr.V.Thirumalai,  
Deputy General Manager,  
National Bank for Agriculture and Rural Development,  
Plot No.C-24, G Block,  
Bandra-Kurla Complex, Bandra(E),  
Mumbai-400 051  
Tel: 022-2653 9665  
Fax: 022-26530137

February 22, 2016

**Kind Attn: Mr. V. Thirumalai, Deputy General Manager**

Dear Sir,

**Re: INR50bn Tax-free Bonds Facilities Ratings for National Bank for Agriculture and Rural Development (NABARD)**

India Ratings and Research (Ind-Ra) has assigned the following rating with Stable Outlook:-

IND'AAA'/Stable to NABARD's INR50bn Tax-free bonds (Part of INR526.664bn Bond Programme rated on 22<sup>nd</sup> February 2016).

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in a India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings's ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings

  
Sandeep Singh  
Senior Director

  
Sudarshan Shreenivas  
Director



# India Ratings Assigns NABARD's INR50bn Tax-free Bonds 'IND AAA'/ Stable

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22 FEB 2016

By [Jambakulam Sivakumar](#)

India Ratings and Research (Ind-Ra) has assigned National Bank for Agriculture and Rural Development's (NABARD) INR50bn tax-free bonds an 'IND AAA' rating with a Stable Outlook. This is part of NABARD's INR526.664bn non priority sector bonds programme. A list of NABARD's outstanding ratings is at the end of this commentary.

## KEY RATING DRIVERS

**Public Policy Institution:** NABARD is an apex policy institution and nodal agency for agriculture and rural development in India. It has an active major role in implementing the government of India's (GoI) policies in the socially, politically and economically important agriculture sector.

**Regulatory Body:** NABARD supervises and conducts statutory inspections of state co-operative banks and regional rural banks and district central cooperative banks.

**State Support:** The ratings reflect Ind-Ra's expectation of continued timely support from GoI, which infused INR3bn as additional equity into NABARD during FY15. NABARD is 99.60% owned by GoI and 0.40% by the Reserve Bank of India. The bank's strong links with, and high importance to, GoI are evidenced through representation from GoI's Ministries of Agriculture, Rural Development and Finance on its board of directors and by the numerous instances of financial support extended to NABARD by way of budgetary allocations year on year since inception. The appointment of NABARD's board of directors by GoI is according to the statutes of the National Bank for Agriculture and Rural Development Act 1981, under which it is established.

**Resources Management:** Rural Infrastructure Development Fund (RIDF) deposits continued to be an important source (31.35%) of NABARD's funding in FY15. The source is likely to continue as scheduled commercial banks face difficulties in meeting their priority sector lending targets traditionally. Short Term Cooperative Rural Credit Fund and ST RRB Credit Refinance Fund together form the next major source (31.49%) of funding. The allocation of various funds by GoI to NABARD for various specified purposes has been increasing annually, in tandem with the increasing grassroots level demand.

**Funds Deployment:** At FYE15, loans to state governments or their agencies accounted for 33.98% of NABARD's loan portfolio. These were all secured by guarantees from state governments. Furthermore, NABARD has the mandate to direct the Reserve Bank of India to debit current accounts of its RIDF loan counterparties in case of a default. NABARD's refinance portfolio (62.40% of loan portfolio at FYE15) is also secured.

**Comfortable Capitalisation:** A majority of the income is generated by way of interest on loans (FYE15: 85.75%) and investment operations (12.46%), as fee-based income is low. NABARD's capitalisation is comfortable (FYE15 Tier 1 capital ratio: 15.83%), aided by regular equity injections from GoI (FY15: INR3bn, FY14: INR7bn, FY13: INR5bn; FY12: INR10bn). Profitability is moderate and may come under pressure if the low-margin RIDF lending business grows to form a large proportion of the bank's loan portfolio.

**Concentration without High Risk:** NABARD has significant concentration on its balance sheet, with the top 20 loans accounting for 45.38% of the total loans and total deposits by 20 largest depositors being 85.90% at FYE15. However, the risk is moderate as the loans are fully secured, and the deposits are by commercial banks due to shortages in meeting priority sector lending targets.

**Minimal NPAs:** NABARD has traditionally reported minimal NPAs as a majority of the business is by way of refinancing and RIDF. Its gross NPL ratio ranged from 0.02% to 0.06% over the last nine years. All of these emanate from the direct and co-finance loans, which comprised around 3.62% of the total loans on 31 March 2015.

## RATING SENSITIVITIES

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A Negative Outlook could result from Ind-Ra's expectation of reduced government support. This could result from a dilution in NABARD's policy role of financing and developing the agriculture sector in India, or from a significant reduction in GoI's shareholding in the bank.

## COMPANY PROFILE

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NABARD was established in July 1982 to promote and develop the agriculture and allied rural sectors in India.

NABARD's ratings are (including the above) as follows:

- Long-Term Issuer Rating: 'IND AAA'; Outlook Stable
- Short-Term Issuer Rating: 'IND A1+'
- INR987.583944bn RIDF deposits: 'IND AAA'; Outlook Stable
- INR250bn STCRC fund deposits (outstanding): 'IND AAA'; Outlook Stable
- INR100bn STRRB credit refinance fund deposits (outstanding): 'IND AAA'; Outlook Stable
- INR476.664bn non-priority sector bonds (part of INR526.664bn non-priority sector bonds): 'IND AAA'; Outlook Stable
- INR50bn tax-free bonds (part of INR526.664bn non-priority sector bonds): 'IND AAA'; Outlook Stable
- INR15.8m capital gains bonds: 'IND AAA'; Outlook Stable
- INR49.751996bn Bhavishya Nirman bonds: 'IND AAA'; Outlook Stable
- INR227.851m NABARD rural bonds: 'IND AAA'; Outlook Stable
- INR100bn WIF deposits : 'IND AAA'; Outlook Stable
- INR50bn long-term rural credit: 'IND AAA'; Outlook Stable
- INR500bn STCRC fund deposits (current year): 'IND A1+'
- INR200bn STRRB credit refinance fund deposits (current year): 'IND A1+'
- INR10bn term money borrowings : 'IND A1+'
- INR20bn commercial paper: 'IND A1+'

## SOLICITATION DISCLOSURES

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Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

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**ANNEXURE C**  
**CONSENT LETTER OF THE BOND TRUSTEE**



TSL/CO/15-16/0149

February 22, 2016

To  
**National Bank for Agriculture and Rural Development**  
Plot C-24, G Block,  
Bandra Kurla Complex,  
BKC Road, Bandra East,  
Mumbai - 400051.

**Attn: Mr. V. Thirumalai**

Dear Sirs,

**Proposed public issue by National Bank for Agriculture and Rural Development (“NABARD”) of Rs. 3,500 crores listed, tax-free, secured, redeemable, non-convertible bonds (the “Bonds”) having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended (the “Issue”)**

We, the undersigned, hereby consent to act as the Bond Trustee to the Issue in accordance with Regulation 4(4) of the Securities and Exchange Board Of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, with respect to the Issue and to our name and our details being inserted as Bond Trustee to the Issue in the Draft Prospectus proposed to be filed by NABARD with the Bombay Stock Exchange Limited (“**Stock Exchange**”) for the purposes of receiving public comments and Securities and Exchange Board of India (“**SEBI**”) and the Prospectus proposed to be filed with the Stock Exchange and SEBI which NABARD intends to issue in respect of the Issue and also in Abridged Prospectus and all related advertisements and the subsequent communications sent to the holders of Bonds pursuant to the Issue.

The following details with respect to us may be disclosed:

Name: Axis Trustee Services Limited  
Address: Axis house, Second Floor, Wadia International center, Panduranga Budhkar Marg  
Worli, Mumbai – 400 025  
Tel: 022 24255215 / 022 24255216;  
Facsimile: 022-4325 3000  
Email: [debenturetrustee@axistrustee.com](mailto:debenturetrustee@axistrustee.com)  
Website: <http://www.axistrustee.com/>  
Investor Grievance ID: [complaints@axistrutee.com](mailto:complaints@axistrutee.com)  
Contact Person: Mr. Jayendra Shetty, Chief Operating Officer  
SEBI Registration Number: IND000000494

Please find enclosed our SEBI registration certificate as **Annexure A**. We further certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues, nor have we been debarred from functioning by any regulatory authority.

We convey our no-objection for the proposed public issue of tax free secured, redeemable, non-convertible bonds in the nature of debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended.

We also agree to keep strictly confidential, until such time the proposed transaction is publicly announced by NABARD in the form of a press release, (i) the nature and scope of this respect; and (ii) our knowledge of the proposed transaction of NABARD.

**AXIS TRUSTEE SERVICES LTD.**

*(A wholly owned subsidiary of Axis Bank)*

Corporate Identity Number (CIN): U74999MH2008PLC182264

CORPORATE & REGISTERED OFFICE : Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

TEL : 022-2425 5215 / 2425 5216 FAX : 022-4325 3000 Website: [www.axistrustee.com](http://www.axistrustee.com)

We shall immediately intimate NABARD and the lead manager to the Issue of any changes, additions or deletions in the aforesaid details till the date when the Bonds of NABARD, offered, issued and allotted pursuant to the Issue, are listed and traded on the Stock Exchange. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Bonds on the Stock Exchange.

We hereby authorise you to deliver this letter of consent to the Stock Exchange or other regulatory authorities as required by law.

Yours faithfully,  
**For Axis Trustee Services Limited**

  
**Swati Borkar**  
**Senior Manger**

Cc:

**A. K. Capital Services Limited**  
30-39 Free Press House, 3rd Floor  
Free Press Journal Marg  
215, Nariman Point  
Mumbai 400 021

**Edelweiss Financial Services Limited**  
Edelweiss House  
Off CST Road, Kalina  
Mumbai 400 098

**ICICI Securities Limited**  
H.T. Parekh Marg, Churchgate  
Mumbai 400 020

**RR Investors Capital Services Pvt. Ltd.**  
47, M.M. Road, Rani Jhansi Marg  
Jhandewalan, New Delhi 110055

**SBI Capital Markets Limited**  
202, Maker Tower 'E'  
Cuffe Parade  
Mumbai 400 005

**Cyril Amarchand Mangaldas**  
5<sup>th</sup> floor, Peninsula Chambers,  
Peninsula Corporate Park,  
Ganpatroa Kadam Marg,  
Lower Parel,  
Mumbai 400013