

SCHEDULES TO BALANCE SHEET

Schedule 1 - Reserve Fund and Other Reserves

(Rupees)

Sr. No.	Particulars	Opening Balance as on 01.04.2004	Additions/ adjustments during the year	Transferred From P&L Appropriation	Transferred to P&L Appropriation	Balance as on 31.03.2005
1.	Reserve Fund	3166,35,17,152	0	190,19,55,744	0	3356,54,72,896
2.	Research and Development Fund	50,00,00,000	0	5,78,43,807	5,78,43,807	50,00,00,000
3.	Capital Reserve	74,80,53,208	0	0	0	74,80,53,208
4.	Investment Fluctuation Reserve	113,55,00,000	0	189,46,39,102	65,24,09,102	237,77,30,000
5.	Co-operative Development Fund	75,00,00,000	0	5,49,92,870	5,49,92,870	75,00,00,000
6.	Soft Loan Assistance Fund for Margin Money	10,00,00,000	0	0	0	10,00,00,000
7.	Agriculture & Rural Enterprise Incubation Fund	5,00,00,000	0	0	0	5,00,00,000
8.	Foreign Currency Risk Fund	106,19,15,127	0	13,62,29,603	0	119,81,44,730
9.	Special Reserves Created & Maintained u/s 36(i) (viii) of Income Tax Act 1961	1640,00,00,000	0	575,00,00,000	0	2215,00,00,000
10.	Farm Innovation & Promotion Fund	0	0	5,00,00,000	0	5,00,00,000
11.	Tribal Development Fund	50,00,00,000	0	0	0	50,00,00,000
	Total	5290,89,85,487	0	984,56,61,126	76,52,45,779	6198,94,00,834
	Previous year	4319,43,95,813	2	982,92,30,944	11,46,41,272	5290,89,85,487

Schedule 2 - National Rural Credit Funds

(Rupees)

Sr. No.	Particulars	Opening Balance as on 01.04.2004	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2005
1.	NRC (Long Term Operations) Fund	13070,00,00,000	1,00,00,000	81,00,00,000	13152,00,00,000
2.	NRC (Stabilisation) Fund	1500,00,00,000	1,00,00,000	10,00,00,000	1511,00,00,000
	Total	14570,00,00,000	2,00,00,000	91,00,00,000	14663,00,00,000
	Previous year	14419,00,00,000	2,00,00,000	149,00,00,000	14570,00,00,000

Schedule 3 - Funds out of Grants received from International Agencies

(Rupees)

Sr. No.	Particulars	Opening Balance as on 01.04.2004	Grants received during the year	Interest credited to the fund	Exp./Disb./adjust. during the year	Balance as on 31.03.2005
1.	National Bank - Swiss Development Coop. Project	34,09,48,974	8,36,17,400	0	0	42,45,66,374
2.	Rural Promotion Corpus Fund	61,80,70,668	0	0	0	61,80,70,668
3.	Interest on RPCF (Refer Note B-2 Schedule 18)	16,99,32,797	0	3,70,84,240	9,99,65,422	10,70,51,615
4.	Credit and Financial Services Fund (Refer Note B-2 Schedule 18)	68,51,54,702	0	4,08,60,226	41,50,940	72,18,63,988
5.	KfW Fund for Watershed Development (Refer Note B-2 Schedule 18)	2,39,20,273	5,19,87,705	12,48,671	4,20,91,106	3,50,65,543
6.	KfW - NABARD V Fund for Adivasi Programme*	77,58,785	4,03,94,363	0	4,47,94,995	33,58,153
7.	CEC-BAIF Project Fund (Refer Note B-2 Schedule 18)	136,057	6,45,03,467	4,147	6,45,81,594	62,077
	Total	184,59,22,256	24,05,02,935	7,91,97,284	25,55,84,057	191,00,38,418
	Previous year	189,44,58,346	21,71,68,187	7,71,71,187	34,28,75,464	184,59,22,256

* Grant received is net of Rs.40,45,622/- transferred to Adivasi Special Programme - Gujarat.

Schedule 4 - Gifts, Grants, Donations and Benefactions

(Rupees)

Sr. No.	Particulars	Opening Balance as on 01.04.2004	Grant received during the year	Interest Credited to the fund	Adjusted against the expenditure	Closing Balance as on 31.03.2005
A.						
1.	GTZ Banking Linkage Project	40,96,521	11,90,658	0	52,87,179	0
2.	Capital Investment Subsidy for Cold Storage Projects	21,42,62,210	52,00,00,000	0	55,31,75,450	18,10,86,760
3.	KfW - NABARD - IX Adivasi Development Programme (Refer Note B-2 Schedule 18)	2,42,60,794	4,15,59,541	7,74,927	5,32,87,500	1,33,07,762
4.	NABARD - SDC: HID Partnership in Rural Finance Project	1,04,78,226	3,46,16,336	0	4,50,94,562	0
5.	Credit Linked Cap. Subsidy for Tech. Upgradation of SSIs	3,00,00,000	0	0	11,69,120	2,88,30,880
6.	Capital Investment Subsidy for Rural Godown	1,83,22,251	93,00,00,000	0	68,79,95,800	26,03,26,451
7.	Onfarm Water Management for Crop Production	14,57,45,660	0	0	14,03,58,150	53,87,510
8.	Million Shallow Tubewell Programme	47,21,91,085	100,00,00,000	0	108,67,73,781	38,54,17,304
9.	NABARD V Adivasi special Dev. Prog. Gujarat* (Refer Note B-2 Schedule 18)	10,29,378	40,45,622	39,765	50,75,000	39,765
10.	Cattle Development Programme - U.P. (Refer Note B-2 Schedule 18)	5,44,40,000	0	17,70,660	3,00,30,000	2,61,80,660
11.	Cattle Development Programme - Bihar (Refer Note B-2 Schedule 18)	5,44,40,000	0	17,70,660	3,00,30,000	2,61,80,660
12.	National Project on Organic Farming	0	1,50,00,000	0	0	1,50,00,000
13.	Integrated Watershed Dev. Prog. RSVY	0	10,00,00,000	0	0	10,00,00,000
14.	IGWDP - Andhra Pradesh (Refer Note B-2 Schedule 18)	31,84,061	32,88,961	1,03,821	49,83,302	15,93,541
	Sub - Total	103,24,50,186	264,97,01,118	44,59,833	264,32,59,844	104,33,51,293
B.	NABARD Grant for Fixed Asset under SDC-HID Project	30,30,378	18,83,663	0	24,26,446	24,87,595
	Total (A + B)	103,54,80,564	265,15,84,781	44,59,833	264,56,86,290	104,58,38,888
	Previous year	127,24,27,948	272,86,58,556	23,64,210	296,79,70,150	103,54,80,564

	As on 31.03.2005	As on 31.03.2004
C. Grants to RRBs/SCBs/SLDBs under ARDR Scheme, 1990	2695,92,36,175	2695,94,72,596
Less : Grants Released to RRBs/SCBs/SLDBs under ARDR Scheme, 1990	2695,92,36,175	2695,94,72,596
	0	0

* Grant received of Rs.40,45,622/- represents amount transferred from NABARD V-Adivasi Programme - Gujarat.

Schedule 5 - Other Funds

(Rupees)

Sr. No.	Particulars	Opening Balance as on 01.04.2004	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 31.03.2005
1.	Watershed Development Fund	343,09,83,816	71,33,15,161	0	20,25,33,246	2,77,14,858	2,77,14,858	429,14,02,507
2.	Micro Finance Development and Equity Fund (MFDEF)	100,00,00,000	0	40,00,00,000	4,82,07,688	3,54,15,404	2,85,12,992	138,42,79,292
3.	Interest Differential Fund - (Forex Risk)	60,68,53,612	12,69,85,938	0	0	0	0	73,38,39,550
4.	Interest Differential Fund - (Tawa) (Refer Note B-1 Schedule 18)	5,20,95,521	42,19,415	0	0	10,00,000	0	5,53,14,936
5.	Medical Assistance Fund	41,54,966	48,45,074	0	2,47,292	89,50,362	0	2,96,970
6.	Adivasi Development Fund	1,15,79,332	94,11,144	0	0	0	0	2,09,90,476
	Total	510,56,67,247	85,87,76,732	40,00,00,000	25,09,88,226	7,30,80,624	5,62,27,850	648,61,23,731
	Previous year	414,18,20,565	89,05,52,278	7,05,11,537	15,63,68,770	9,67,66,299	5,68,19,604	510,56,67,247

Schedule 6 - Deposits

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Central Government	58,17,000	2,13,17,000
2.	State Governments	1,55,65,900	1,55,65,900
3.	Tea & Rubber Deposits	53,54,37,749	58,73,59,630
4.	Commercial Banks (Deposits under RIDF)	9169,23,81,000	12088,58,00,000
	Total	9224,92,01,649	12151,00,42,530

Schedule 7 - Bonds and Debentures

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	SLR Bonds	792,30,11,000	882,30,11,000
2.	Tax Free Bonds	1050,00,00,000	1150,00,00,000
3.	Priority Sector Taxable Bonds	5435,60,00,000	3696,80,00,000
4.	Non Priority Sector Bonds	3925,00,00,000	1803,50,00,000
5.	Capital Gains Bonds	6001,01,90,000	4350,72,10,000
	Total	17203,92,01,000	11883,32,21,000

Schedule 8 - Borrowings

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	From Central Government	404,12,91,003	563,05,52,547
2.	From RBI under General Line of Credit	3927,25,37,000	4193,59,54,000
3.	From Others :		
	(a) In India		
	From Commercial Banks	4300,00,00,000	2500,00,00,000
	(b) Outside India		
	From International Agencies	297,01,04,915	297,01,04,915
	Total	8928,39,32,918	7553,66,11,462

Schedule 9 - Current Liabilities and Provisions

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Interest Accrued but not due on		
	a) Loans from Central Government	20,24,96,006	20,97,37,761
	b) Bonds	468,69,42,786	428,01,49,564
	c) Tea Deposits	2,34,51,725	4,18,63,220
	d) Deposits from Central and State Governments (SLA)	3,69,071	6,43,682
	e) Borrowings from International Agencies	49,43,545	58,54,132
	f) Deposits under RIDF	136,80,37,243	290,13,60,554
	g) Commercial Bank Borrowings	66,97,540	36,28,767
	Sub - Total	629,29,37,916	744,32,37,680
2.	Sundry Creditors (Refer Note B - 6 Schedule 18)	221,05,56,099	127,08,41,835
3.	Provision for Gratuity	147,45,40,000	120,10,37,000
4.	Provision for Pension (Refer Note B - 4 Schedule 18)	248,12,15,399	178,98,28,821
5.	Provision for Encashment of Ordinary Leave	48,38,79,000	45,13,66,000
6.	Unclaimed Interest on Bonds with RBI	1,22,676	14,95,839
7.	Unclaimed Interest on Bonds - Others	1,63,31,540	3,76,72,210
8.	Bonds matured but not claimed (Refer Note B-5 Schedule 18)	15,84,51,000	185,87,76,000
9.	Provisions and Contingencies		
	(a) For Standard Assets	200,00,00,000	200,00,00,000
	(b) For Depreciation in value of Investments	103,89,50,721	65,00,000
10.	Provision for Income Tax (Net of Taxes paid)	0	34,93,67,151
	Total	1615,69,84,351	1641,01,22,536

Schedule 10 - Cash and Bank Balances

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Cash on hand	35,940	54,845
2.	Balance with Reserve Bank of India	42,44,76,370	602,35,64,053
3.	Balances with other Banks in India		
	a) On Current Account	174,71,29,304	317,23,52,026
	b) Deposit with Banks	5225,00,00,000	1720,00,00,000
4.	Remittances in Transit	35,45,14,366	260,26,69,837
	Total	5477,61,55,980	2899,86,40,761

Schedule 11 - Investments

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Government Securities		
	Securities of Central Government *	4755,46,12,905	2270,86,60,565
	Face Value Rs. 41,53,21,30,000 (Previous year - Rs. 20,47,32,60,000)		
	Market Value Rs. 46,52,56,98,184 (Previous year - Rs. 25,97,67,02,734)		
2.	Other approved Securities	0	0
3.	Shares		
(a)	ADFC - Equity	15,60,00,000	15,60,00,000
	Face Value Rs. 15,60,00,000 (Previous year - Rs. 15,60,00,000)		
(b)	AFC - Equity	1,00,00,000	1,00,00,000
	Face Value Rs. 1,00,00,000 (Previous year - Rs. 1,00,00,000)		
(c)	SIDBI-Equity	48,00,00,000	30,00,00,000
	Face Value Rs. 16,00,00,000 (Previous year - Rs. 10,00,00,000)		
(d)	AICI LTD.	60,00,00,000	60,00,00,000
	Face Value Rs. 60,00,00,000 (Previous year - Rs. 60,00,00,000)		
(e)	Nabcons Pvt. Ltd.	5,00,00,000	5,00,00,000
	Face Value Rs. 5,00,00,000 (Previous year - Rs. 5,00,00,000)		
(f)	NCDEX Ltd.	4,50,00,000	4,38,90,000
	Face Value Rs. 4,50,00,000 (Previous year - Rs. 4,38,90,000)		
4.	Others		
(a)	Mutual Funds	246,30,17,696	25,01,96,996
	Face Value Rs. 245,00,00,000 (Previous year - Rs. 23,74,03,330)		
(b)	BVF-APIDC-V Investment	2,00,00,000	0
	Total	5137,86,30,601	2411,87,47,561

* Balance as on 31-03-2005 includes securities for Rs. 10,00,00,000 (Book Value Rs. 13,02,52,050) pledged with CCIL

Schedule 12 - Advances

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Refinance Loans:		
(a)	Production & Marketing Credit	8185,02,80,135	5597,96,03,835
(b)	NABARD Line of Credit	122,00,00,000	0
(c)	Conversion Loans for Production Credit	364,72,28,201	633,42,87,054
(d)	Medium Term Investment Credit- Non-Project Loans	2,59,07,800	5,21,63,760
(e)	Liquidity Support	808,10,61,000	0
(f)	Other Investment Credit :		
i)	Medium Term and Long Term Project Loans (Refer Note B - 9 Schedule 18)	27937,82,64,790	28075,69,04,921
ii)	Long Term Non-Project Loans	405,99,64,466	459,65,31,994
iii)	Interim Finance	46,65,200	3,46,98,400
2.	Direct Loans:		
i)	Loans under Rural Infrastructure Development Fund	10513,14,27,950	14003,59,38,359
ii)	Other Loans	11,05,38,970	10,61,62,181
iii)	Co-Finance Loans	3,81,51,998	63,53,744
	Total	48354,74,90,510	48790,26,44,248

Schedule 13 - Fixed Assets

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as 31.03.2004
1.	LAND : Freehold & Leasehold (Refer Note B- 8 Schedule 18)		
	As per Last Account	117,69,33,140	117,98,98,101
	Additions/adjustments during the year	(-) 5,41,458	(-) 29,64,961
	Closing Balance (at cost)	117,63,91,682	117,69,33,140
	Less Amortization of Lease Premia	22,55,83,782	19,72,81,744
	Book Value	95,08,07,900	97,96,51,396
2.	PREMISES : (Refer Note B- 8 Schedule 18)		
	As per Last Account	215,47,55,385	192,76,13,953
	Additions/adjustments during the year	1,03,23,596	22,71,41,432
	Closing Balance (at cost)	216,50,78,981	215,47,55,385
	Less: Depreciation to date	96,09,33,989	86,90,94,489
	Book Value	120,41,44,992	128,56,60,896
3.	FURNITURE & FIXTURES		
	As per Last Account	50,35,89,969	47,79,92,423
	Additions/adjustments during the year	6,73,94,029	3,06,75,659
	Sub-toal	57,09,83,998	50,86,68,082
	Less: Cost of assets sold/written off	5,00,91,361	50,78,113
	Closing Balance (at cost)	52,08,92,637	50,35,89,969
	Less: Depreciation to date	42,76,71,533	41,58,40,234
	Book Value	9,32,21,104	8,77,49,735
4.	COMPUTER INSTALLATIONS & OFFICE EQUIPMENTS		
	As per Last Account	53,19,43,041	50,05,38,046
	Additions/adjustments during the year	8,67,38,592	5,45,70,956
	Sub-total	61,86,81,633	55,51,09,002
	Less: Cost of assets sold/written off	3,90,14,289	2,31,65,961
	Closing Balance (at cost)	57,96,67,344	53,19,43,041
	Less: Depreciation to date	48,45,07,043	44,43,61,151
	Book Value	9,51,60,301	8,75,81,890
5.	VEHICLES		
	As per Last Account	2,62,31,679	2,34,60,085
	Additions/adjustments during the year	18,87,818	62,58,474
	Sub-total	2,81,19,497	2,97,18,559
	Less: Cost of assets sold/written off	25,27,761	34,86,880
	Closing Balance (at cost)	2,55,91,736	2,62,31,679
	Less: Depreciation to date	1,93,51,189	1,87,25,238
	Book Value	62,40,547	75,06,441
	Total	234,95,74,844	244,81,50,358

Schedule 14 - Other Assets

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Accrued Interest	1057,63,72,830	1141,35,01,335
2.	Deposits with Landlords	1,18,44,660	1,03,16,776
3.	Deposits with Government Departments and Other Institutions	2,16,30,022	2,02,28,909
4.	Housing loan and other loans to staff	134,28,14,597	135,76,07,276
5.	Advances to Landlords	15,06,141	15,63,374
6.	Advance for Construction/Purchase of Staff Quarters & Office Premises	21,24,60,255	15,86,08,497
7.	Sundry Advances	27,92,13,313	25,48,45,489
8.	Advance Tax (Net of Provision for Income Tax)	116,35,58,427	0
9.	Deferred Tax Assets (Refer Note B-7 Schedule 18)	211,20,00,000	153,40,00,000
10.	Cheques in Transit	0	64,97,36,338
11.	Expenditure recoverable from Government of India/International Agencies	1,74,69,609	1,74,62,160
	Total	1573,88,69,854	1541,78,70,154

Schedule 15 - Interest and Financial Charges

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as on 31.03.2004
1.	Interest Paid on		
	(i) Loans from Central Government	39,26,42,825	41,43,69,894
	(ii) Borrowings from Reserve Bank of India	139,54,55,630	148,30,61,664
	(iii) Bonds	873,09,55,120	802,84,71,234
	(iv) Special Loan Deposits from Central and State Governments	25,18,247	33,75,945
	(v) Tea Deposits	2,90,42,435	4,35,41,792
	(vi) Gratuity & Medical Fund	9,30,43,594	8,88,22,753
	(vii) Borrowings from International Agencies	18,27,93,792	18,27,93,792
	(viii) Deposits under RIDF	802,58,65,831	1278,91,78,324
	(ix) Rural Promotion Corpus Fund	3,70,84,240	3,73,41,764
	(x) Credit and Financial Services Fund	4,08,60,226	3,87,82,342
	(xi) Cattle Development Programme (UP & Bihar)	35,41,320	0
	(xii) KfW - NABARD - IX Adivasi Development Programme	7,74,927	5,03,662
	(xiii) Watershed Development Fund	20,25,33,246	15,57,27,301
	(xiv) Micro Finance Development and Equity Fund	4,82,07,688	0
	(xv) CEC-BAIF Project Fund	4,147	69,112
	(xvi) Indo-German Watershed Development Programme (Andhra Pradesh)	1,03,821	97,360
	(xvii) NABARD - V Adivasi Special Development Prog. - Gujarat	39,765	10,29,378
	(xviii) KfW Fund for Watershed Development	12,48,671	9,77,969
	(xix) Corporate Borrowings from Banks and FIs in India	186,44,97,254	36,71,89,042
2.	Swap Charges	3,42,17,443	2,07,79,170
3.	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	5,04,99,863	3,98,78,222
	Total	2113,59,30,085	2369,59,90,720

Schedule 16 - Establishment and Other Expenses

(Rupees)

Sr. No.	Particulars	Balance as on 31.03.2005	Balance as 31.03.2004
1.	Salaries and Allowances	155,87,94,371	148,70,86,060
2.	Contribution to Staff Superannuation Funds	104,95,86,190	113,62,36,966
3.	Travelling & Other allowances in connection with Directors' & Committee Member's Meetings	6,01,515	20,29,021
4.	Directors' & Committee Member's Fees	23,500	23,500
5.	Rent, Rates, Insurance, Lighting, etc.	16,96,91,368	16,20,65,559
6.	Travelling Expenses	16,45,47,570	14,68,47,326
7.	Printing & Stationery	2,50,87,913	2,32,41,261
8.	Postage, Telegrams & Telephones	4,59,31,002	3,98,50,063
9.	Repairs	2,07,35,916	3,09,10,233
10.	Auditors' Fees	7,18,400	6,19,580
11.	Legal Charges	13,98,038	30,72,165
12.	Miscellaneous Expenses	29,84,49,601	24,45,95,427
13.	Expenditure on Study & Training* (Including Rs.2,86,03,782/- (Rs.2,59,14,559/-) pertaining to establishment expenses of Regional Training Colleges)	17,66,41,194	16,61,52,300
14.	Expenditure on promotional activities under		
	(i) Cooperative Development Fund	5,49,92,870	4,75,95,442
	(ii) Micro Finance Development and Equity Fund	2,85,12,992	3,13,15,379
	(iii) Watershed Development Fund	2,77,14,858	2,55,04,226
15.	Wealth Tax (Refer Note B - 13 Schedule 18)	50,77,351	9,88,107
	Total	362,85,04,649	354,81,32,615

*Net after adjustment of Rs.4,50,94,561.97 (Rs.4,86,01,924) being the grant received under SDC-HID Project

Schedule 17 - Commitments and Contingent Liabilities

(Rupees)

Sr. No.	Particulars	AS ON 31.03.2005	AS ON 31.03.2004
1.	Commitments on account of capital contracts remaining to be executed	21,76,56,000	12,44,00,000
2.	Contingent Liabilities		
	i) Disputed claims for additional payments towards construction of premises	60,01,19,000	65,48,45,000
	ii) Income tax matters in appeal	23,52,00,000	0

Schedule 18

1. General

The accounts are prepared on the historical cost convention in accordance with generally accepted accounting principles.

A. Significant Accounting Policies

2. Income and expenditure

2.1. 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 RBI guidelines and interest in the case of Government guaranteed advances that are in arrears for more than 180 days.
- (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 Rural Promotion Corpus Fund (RPCF), Credit and Financial Services Fund (CFSF), Agriculture and Rural Enterprises Incubation Fund (AREIF) and KfW-NABARD V Fund for Adivasi Programme.
- (iv) Expenses not exceeding Rs.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.

3. Fixed Assets and Depreciation

- 3.1. Fixed assets are stated at cost.
- 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 on written down value basis.
- 3.5 Depreciation is charged at the prescribed rates, for the full year irrespective of the date of purchase of the asset.

3.6 Depreciation on computers, motor vehicles, office equipments, furniture and fixtures, electrical fittings, etc., is charged on straight-line basis.

Intangible Assets and Amortisation

3.7 Amortisation of lease premium paid on leasehold land and depreciation on premises situated on leasehold land is computed and charged at higher of 5 per cent on written down value basis or the amount derived by amortising the premium / cost over the remaining lease period of the land on straight line basis.

3.8 Amount expended on purchase of software is treated as revenue expenditure.

4. Investments

4.1 In terms of RBI guidelines the investment portfolio is categorized as 'Held to Maturity', 'Available for sale' and 'Held for Trading'. The investments under each category are classified as i) Government securities ii) other approved securities iii) shares and iv) others.

4.2 'Held to Maturity' securities are carried at acquisition cost or at amortised cost if acquired at a premium over the face value. Provision is made for diminution other than temporary.

4.3 The investments under 'Available for Sale' and 'Held for Trading' are marked to market at prescribed intervals. While only net depreciation, if any, is provided for investments in each category classified as 'Available for Sale', depreciation or appreciation is recognised in each category for investments classified as 'Held for Trading'.

4.4 Investments are carried at cost and provision for depreciation/ diminution, if any, in value of investments is included under Current Liabilities and Provisions.

4.5 The provision for diminution, other than temporary, in the value of investments in subsidiaries under the category Held to Maturity is made wherever necessary.

4.6 Brokerage, commission, etc., paid at the time of acquisition, are treated as revenue items.

4.7 Broken period interest on debt instruments is treated as a revenue item.

5. Advances and Provisions Thereon

5.1 Advances are classified as per RBI guidelines. Provision for non-performing advances is made in respect of identified advances based on a periodic review and in conformity with the provisioning norms prescribed by RBI.

5.2 Government Guaranteed Advances and Advances to State Governments are treated as Standard Assets.

6. Foreign Currency Transactions

6.1 Foreign currency assets and liabilities are restated on the Balance Sheet date at the exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI). The resultant profit or loss is included in the Profit and Loss Account.

6.2 Foreign currency borrowings, which are covered by hedging agreements, are stated at the contract price.

6.3 Profit/loss on cancellation of or renewal of currency SWAP agreement is accounted for on the final settlement of agreement.

7. Retirement Benefits

7.1 The Bank has a Provident Fund Scheme managed by RBI. Contributions to the Fund are made on actual basis.

7.2 Provision for gratuity is made based on actuarial valuation, including for employees transferred from RBI. The amount of gratuity received from RBI is accounted on cash basis.

7.3 Bank's contribution to Pension Scheme is made based on actuarial valuation.

7.4 The amounts representing employer's contribution to Provident Fund relating to the pension optees (which is now part of Pension Fund) are maintained with RBI.

7.5 Provision for Encashment of Ordinary Leave is made on the basis of actuarial valuation.

8. Taxes on Income

8.1 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.

8.2 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 substantially enacted as on Balance Sheet date.

8.3 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. Policy on Segment Reporting

9.1 Segment revenue includes interest and other income directly identifiable with / allocable to the segment.

9.2 Expenditure 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 are included under Other unallocable Expenditure.

9.3 Income which relate to the Bank as a whole and not allocable are included under Other unallocable bank income.

9.4 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.

10. Impairment of Assets

10.1 As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- the provision for impairment loss, if any required or
- the reversal, if any, required for impairment loss recognized in the previous periods.

10.2 Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

11. Provisions, Contingent Liabilities and Contingent Assets

11.1 Provision is recognised for liabilities that can be measured only by using substantial degree of estimation if:

- the Bank has a present obligation as a result of a past event,
- a probable outflow of resources is expected to settle the obligation and
- the amount of liability can be reliably estimated.

11.2 Reimbursement, expected in respect of expenditure, which require a provision, is recognised only when it is virtually certain that the reimbursement will be received except the amounts due from RBI for gratuity provision for staff transferred from RBI, which are accounted on cash basis.

11.3 Contingent liability is disclosed in the case of

- Present obligation arising from past event. When it is not probable that an outflow of resources will be required to settle the obligation.
- A possible obligation, unless the probability of outflow is remote.

11.4 Contingent assets are neither recognised nor disclosed.

11.5 Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

B. Notes forming part of the Accounts

1. In terms of TAWA Command Area Development Project Agreement, interest chargeable by the GoI on loans to the Bank at 6.5 per cent per annum has been accounted to the extent of 4.5 per cent by credit to the 'Interest Differential Fund' to be utilised for certain

specified purposes and the balance of 2 per cent has been paid to GoI.

2. Interest at 6 per cent per annum for the year on unutilised balances of CFSF, RPCF, KfW fund for Watershed Development, Funds under CEC BAIF project, KfW NABARD IGWDP – Andhra Pradesh, NABARD V Adivasi Special Development Programme (Gujarat), KfW NABARD IX Adivasi Development Programme, Cattle Development Programme (Uttar Pradesh) and Cattle Development Programme (Bihar) has been credited to the respective funds based on individual agreements.

3. As per the Agricultural and Rural Debt Relief Scheme 1990, the Bank was acting as a channelising agent for disbursing the funds received from RBI towards grants to RRBs and loans/grants to SCBs and SLDBs.

4. The Bank has not received the confirmation of balance of Pension Fund as on 31 March 2005 maintained with RBI. Pending receipt of such confirmation provision for pension is made after considering the balance of Pension Fund maintained with RBI as per the books of the Bank.

5. The SLR Bonds issued by the Bank were serviced / managed by RBI. From 1st October 2003, the servicing of these bonds was taken over by the Bank. The outstanding balance payable on account of 'bonds matured but not claimed' and unclaimed interest has been shown net of payments since made by the Bank from 1st Oct 2003 onwards.

6. Pending receipt of operational guidelines, Rs.100 crore (Rs.100 crore), received from GoI under the scheme of revitalization of co-operative credit structure have been included under Sundry Creditors.

Provisions for Income Tax

7. Major components of Deferred Tax Assets / Liabilities are as under:

(Rs. crore)

Sr. No.	Deferred Tax Assets on account of	As on 1 April 04	Increase/(Decrease) During the year	As on 31 March 05
1.	Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis	123.46	25.90	149.36
2.	Depreciation on Fixed Assets	29.94	(-) 3.60	26.34
3.	Broken period interest on GoI securities in stock	0.00	35.50	35.50
	Total	153.40	57.80	211.20

8. 'Land' and 'Premises' include an aggregate amount of Rs. 43.77 crore (Rs. 46.96 crore) paid towards Office Premises and Staff Quarters at various locations in respect of which conveyance /other Legal Documents have not yet been executed in favour of the Bank because of certain procedural delays being faced in connection therewith.

9. The Bank has subscribed to debentures issued by various State Land Development Banks/Land Mortgage Banks, which are included under Advances - Other Investment Credit - Medium Term and Long Term Project Loans. The value of Allotment Letters/ Debenture Scrips, yet to be received, as on date, aggregates to Rs.183.04 crore (Rs. 219.85 crore).

10. Depreciation charged in Profit & Loss Account is net of SDC's share of depreciation amounting to Rs.0.24 crore on assets purchased under SDC- HID project.

11. The Bank has identified that there is no material impairment of assets and as such no provision is required as per accounting standard (AS 28) issued by Institute of Chartered Accountants of India.

12. Contingent liabilities as indicated in schedule 17 are dependent upon the outcome of court / arbitration / out of court settlement, the amount being called up in terms of contractual obligation, development of demand raised by concerned parties, disposal of appeals respectively. No reimbursement by the Bank for any expenses is expected in such cases.

(Rs crore)

Particulars	Amount
Balance as on 01 April 2004	65.48
Increase during the year	23.52
Decrease during the year	5.47
Balance as on 31 March 2005	83.53

13. Prior period items included in the Profit & Loss account are as follows:

(Rs. crore)

Sr. No.	Particulars	2004-05	2003-04
1.	Depreciation	0.04	1.87
2.	Other Receipts	0.00	1.43
3.	Other Expenses	0.03	0.00
4.	Wealth tax	0.18	0.00

14. Capital adequacy ratio of the Bank as on 31 March 2005 is 38.78 per cent as against a minimum of 9 per cent as stipulated by RBI.

15. Previous year's figures have been regrouped/ recast wherever necessary.

16. The figures in brackets pertain to previous year.

17. The following additional information is disclosed in terms of RBI circular (Ref.No.DBS.FID.C-18/01.02.00/2000-01 dated March 23, 2001 and ref. No.DBS.FID No.C-14 /01.02.00/2001-02 dated February 08, 2002

I. Capital

(a) Capital to Risk-weighted Assets Ratio (CRAR)

(Per cent)

Particulars	31 March 2005	31 March 2004
CRAR	38.78	39.41
Core CRAR	36.77	37.77
Supplementary CRAR	2.01	1.64

(b) Subordinated Debt

(Rs. crore)

Particulars	31 March 2005	31 March 2004
Amount of subordinated debt raised and outstanding	Nil	Nil

(c) Risk weighted Assets

(Rs.crore)

Particulars	31 March, 2005	31 March, 2004
On - Balance Sheet Items	21,687.67	19,087.02
Off - Balance Sheet Items	83.53	65.48

(d) Pattern of Capital contribution as on the date of the Balance Sheet

(Rs. crore)

Contributor	31 March, 2005	31 March, 2004
Reserve Bank of India	1,450	1,450
Government of India	550	550
Total	2,000	2,000

II. Asset quality and Credit concentration (Excluding Staff Advances)

(a) Net NPA position:

Particulars	31 March, 2005	31 March, 2004
Percentage of Net NPAs to Net Loans & Advances	0.000004	0.001428

(b) Asset Classification (Excluding Staff Advances)

(Rs crore)

Type of Asset	2004-05		2003-04	
	Amount	(%)	Amount	(%)
Standard	48,354.042	99.998538	48,789.460	99.998360
Sub-standard	0.002	0.000004	0.780	0.001600
Doubtful	0.705	0.001458	0.020	0.000040
Loss	Nil	-	Nil	-
Total	48,354.749	100	48,790.260	100

(c) Provisions made during the Year

(Rs. crore)

Provisions against	2004-05	2003-04
Standard Asset	0.00	51.36
Non-Performing Advances	0.26	0.27
Investments	103.24	0.65
Income Tax	357.00	375.00
Total	460.50	427.28

(d) Movement in NPAs

(Rs.crore)

Particulars	2004-05	2003-04
NPAs as at beginning of the year (A)	1.42	2.04
Add: Additions during the year (B)	0.01	0.21
Sub-total (A+B) (C)	1.43	2.25
Less: Reductions during the year (D)	0.44	0.83
NPAs as at the end of the year (C-D)	0.99	1.42

(e) Credit exposure as percentage to Capital Funds and as percentage to Total Assets

Sr. No	Category	2004-05		2003-04	
		Credit Exposure as % to		Credit Exposure as % to	
		Capital Funds	Total Assets	Capital Funds	Total Assets
I	Largest Single Borrower	37.16	5.01	5.43	5.43
II	Largest Borrower Group	Not Applicable		Not Applicable	
III	Ten Largest Single Borrowers for the year				
	1. U. P. State Land Development Bank	37.16	5.01	41.60	5.43
	2. Andhra Pradesh Co-operative Bank	33.28	4.49	39.43	5.14
	3. Punjab State Co-operative Bank	29.76	4.01	25.03	3.26
	4. Haryana State Land Development Bank	22.71	3.06	22.33	2.91
	5. Punjab State Land Development Bank	19.70	2.66	21.58	2.81
	6. ICICI Bank	19.21	2.59	26.80	3.50
	7. Kerala State Land Development Bank	16.48	2.22	17.57	2.29
	8. U. P. State Government	16.34	2.20	18.73	2.44
	9. Maharashtra State Co-operative Bank	15.95	2.15	14.30	1.87
	10. M.P. State Land Development Bank	15.35	2.07	14.72	1.92
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

III. Liquidity

(i) Maturity pattern of rupee Assets and Liabilities

(ii) Maturity pattern of Foreign Currency Assets and Liabilities

(Rs. crore)

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 #
Rupee Assets	22,339.00	13,932.92	10,001.17	6,705.79	7,599.20	60,578.08
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	22,339.00	13,932.92	10,001.17	6,705.79	7,599.20	60,578.08
Rupee Liabilities	12,481.13	11,692.92	8,105.34	2,903.37	25,098.31	60,281.07
Foreign Currency Liabilities	2.58	11.62	18.21	19.69	211.91	297.01
Total liabilities	12,483.71	11,704.54	8,123.55	2,923.06	25,343.22	60,578.08

In terms of RBI instructions, provisions towards Standard Assets and also the provision against depreciation in the value of investment in shares of subsidiaries, that are reflected as Liabilities in the Balance Sheet, have been reduced in the aforesaid table from the Assets.

IV. Operating Results

Sr. No.	Particulars	For the year ended 31 March 2005	For the year ended 31 March 2004
1.	Interest income as a percentage to working funds	6.90	8.02
2.	Non-interest income as a percentage to working funds	0.04	0.11
3.	Operating profit as a percentage to working funds	3.22	3.61
4.	Return on Assets (%)	1.82	2.78
5.	Profit per Employee (Rs. crore)	0.20	0.28

V. Movement in the Provisions

(a) Provision for Non Performing Assets

(Rs. crore)

Sr.No.	Particulars	2004-05	2003-04
1.	Opening balance as at the beginning of the financial year	0.49	0.97
2.	Add Provision made during the year	0.26	0.27
3.	Less Write off, write back of excess provision	0.00	0.75
4.	Closing balance at the close of the financial year	0.75	0.49

(b) Provision for Depreciation in Investments

(Rs. crore)

Sr.No.	Particulars	2004-05
1.	Opening balance as at the beginning of the financial year	0.65
2.	Add	
	i) Provisions made during the year	38.00
	ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	65.24
3.	Sub Total (1+ 2.i+ 2.ii)	103.89
4.	Less	
	i) Write off during the year	0.00
	ii) Transfer, if any, to Investment Fluctuation Reserve Account	0.00
5.	Closing balance as at the close of the financial year (3-4.i-4.ii)	103.89

VI. Restructured Accounts

During the year, standard refinance loan assets of Rs 3,374.85 crore, due from State Co-operative Agriculture and Rural Development Banks, carrying interest rates higher than 8 per cent were restructured by resetting the same at 8 per cent.

VII. Disclosure on Risk Exposure in Derivatives

During the year Forward Rate Agreement / Interest Rate SWAP as permitted vide RBI circular No MPD. BC. 187 / 07.01.279/ 1999-2000 dated 7 July 1999 was not entered

into. Further, no interest rate derivative transaction has been entered during the year.

The Bank does not trade in derivatives. However it has hedged its liability towards borrowings from KfW Germany to the extent of 58.80 million Euro and interest thereon for a period of 10 years. Hedge derivative transactions are accounted pursuant to the principles of hedge accounting. Consequent upon hedging of foreign currency borrowings, the same is shown at contracted value as per the SWAP agreement. The value of outstanding hedge contract at year-end exchange rate stood at Rs 374.84 crore consisting of Rs.332.68 crore towards principal and Rs.42.16 crore towards interest.

VIII. Related Party Transactions

(Rs. in crore)

Name of the Party	Nature of Relationship	Nature of Transaction	Amt. of Transaction during the year	Outstanding
Reserve Bank of India	Holding 72.50% of NABARD Capital	Borrowings (net of repayments)	(266.35)	3927.25
		Interest on Borrowings	139.55	
		Contribution Recd. in NRC Funds maintained by NABARD	2.00	
Government of India	Holding – 27.50% of NABARD Capital	Borrowings (net of repayments)	(160.48)	404.71
		Interest on Borrowings	39.41	20.25
		Guarantee Fee	1.89	
ADFT Chennai	Control 52.10% of Share Capital	Lending (net of repayment)	0.00	0.00
ABFL, Hyderabad	Control 47.82% of Share Capital held by NABARD	Lending (net of repayments)	(1.36)	0.00
		Interest on lending	0.09	0.00
KADFC, Bangalore	Control 82.41% of Share Capital	No transaction	0.00	0.00
NABARD Consultancy Services Pvt. Ltd	Wholly Owned Subsidiary	Expenses incurred by NABARD	1.26	0.82
Smt. Ranjana Kumar	Key Management Personnel – Chairperson	Remuneration including perquisites	0.24	0.00
Shri Y.S.P. Thorat	Key Management Personnel – Managing Director	Remuneration including perquisites	0.07	0.00

IX. Information on Business Segments

a) Brief Background :

Primary business segments recognised by the Bank are as under:

i) Direct Finance: Loans given to state governments for rural infrastructure development and loans given to VAS/NGOS for developmental activities are included in this segment.

ii) Refinance: Loans and Advances given to state governments, commercial banks, LDBs, SCBs, RRBs, etc., as refinance against the loans disbursed by them to the ultimate borrowers.

iii) Treasury: The investment of funds under call money, treasury bills, short term deposits, government securities, etc.

iv) Unallocated: This segment includes income from staff loans and other miscellaneous receipts and the

expenditure incurred for the developmental role of the bank and common administrative expenses.

Secondary business segments identified geographically, cover the business at the following states:

- i) South Zone:** Karnataka, Kerala, Tamil Nadu, Andhra Pradesh and RTC, Mangalore.
- ii) East Zone :** Tripura, Mizoram, Orissa, West Bengal,

RTC Bolpur, Nagaland, Sikkim, Assam, Manipur, Arunachal Pradesh and Meghalaya.

- iii) North Zone :** Madhya Pradesh, Haryana & Punjab, Bihar, New Delhi, Jharkand, Chhatisgarh, Himachal Pradesh, Uttar Pradesh, NBSC Lucknow, Jammu & Kashmir, Rajasthan and Uttaranchal.

- iv) West Zone :** Gujarat, Goa, Maharashtra and Head Office, Mumbai.

b) Information on Primary Business Segment

(Rs. crore)

Sr. No.	Segment	Segment Revenue from External Customers	Segment Results	Segment Assets	Segment Liabilities
1.	Direct Finance	1,167.94	331.73	10,569.79	9,388.93
2.	Refinance	2,323.86	960.39	38,666.16	#41,389.79
3.	Treasury	433.37	328.32	5,260.06	0.00
4.	Unallocated	13.58	(287.83)	6,283.05	4,144.18
Total		3,938.75	1,332.61	60,779.07	54,922.90
# Includes balances in NRC (LTO) and NRC (Stab.) Funds where there is no external obligation.					

c) Information on Secondary Segment

(Rs. crore)

Sr. No.	Geographical Segments	Segment Revenue from External Customers	Segment Assets
1	East Zone	416.93	5,443.41
2	North Zone	1,675.16	23,847.89
3	South Zone	925.03	14,036.08
4	West Zone	921.63	17,451.68
Total		3,938.75	60,779.07

As per our report attached
Sharp and Tannan
Chartered Accountants
by the hand of

P. Satish
Chief General Manager
Finance & Accounts Department
New Delhi

Milind P. Phadke
Partner
Membership No. 33013
New Delhi

Ranjana Kumar
Chairperson
Date 14 June 2005

Y. S. P. Thorat
Managing Director

Radha Singh
Director

Dr. P. Raghavan
Director

National Bank for Agriculture and Rural Development
Cash Flow Statement for the Year ended 31 March 2005

(Rupees)

Particulars	During 2004-05	During 2003-04
(a) Cash flow from Operating Activities		
Net Profit as per P & L A/C before tax	1332,61,87,497	1460,42,81,605
Depreciation	26,14,95,776	30,15,16,049
Interest credited to various funds	33,46,45,343	23,51,70,357
Other expenses	16,90,64,527	17,14,60,876
Income from Investment	(432,08,77,974)	(215,55,57,388)
Expenditure from various funds	(314,34,15,498)	(357,90,72,789)
Operating Profit before Working Capital changes	662,70,99,671	957,77,98,710
Adjustment for net change in:		
Current Assets	(3364,42,33,952)	(478,71,67,087)
Current liabilities	9,62,28,966	601,99,97,890
Cash generated from Operating Activities	(2692,09,05,315)	1081,06,29,513
Payment of Income tax	(508,29,25,578)	(304,06,32,849)
Net cash flow from Operating Activities (A)	(3200,38,30,893)	776,99,96,664
(b) Cash flow from Investing Activities		
Income from Investment	432,08,77,974	215,55,57,388
Increase / Decrease in Fixed Assets	(16,29,20,262)	(31,18,50,887)
Investments in Government Securities	(2705,87,73,041)	(1047,49,46,541)
Purchase of Shares	(20,11,10,000)	(9,38,90,000)
Net Cash used / generated from Investing Activities (B)	(2310,19,25,329)	(872,51,30,040)
(c) Cash flow from Financing Activities		
Grants / contributions received	377,08,64,449	385,71,12,830
Proceeds of Bonds	5320,59,80,000	3181,13,60,000
Increase / Decrease in Borrowings	1374,73,21,456	870,90,11,157
Increase / Decrease in Deposits	(2926,08,40,881)	(97,55,56,068)
Increase in Loans and Advances	436,99,46,417	(3433,81,21,155)
Net Cash raised from Financing Activities (C)	4583,32,71,441	906,38,06,764
Net increase in Cash and Cash Equivalent (A)+(B)+(C)	(927,24,84,781)	810,86,73,388
Cash and Cash Equivalent at the beginning of the period	1179,86,40,761	368,99,67,373
Cash and Cash Equivalent at the end of the period	252,61,55,980	1179,86,40,761
Note: Cash and Cash Equivalent includes Cash on hand, Balance with RBI, Balances with other banks in India on Current Account and Remittance in transit.		
		As per our report attached Sharp & Tannan Chartered Accountants by the hand of
P.Satish Chief General Manager Finance & Accounts Department New Delhi, 14 June 2005	Milind P. Phadke Partner Membership No. 33013 New Delhi, 14 June 2005	
Ranjana Kumar Chairperson New Delhi, 14 June 2005	Y. S. P. Thorat Managing Director	Radha Singh Director
		Dr.P. Raghavan Director