



INDEPENDENT AUDITOR'S REPORT

To:
The Board of Directors of
National Bank for Agriculture and Rural Development

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of National Bank for Agriculture and Rural Development ('the Holding Bank' or 'NABARD') and its 7 (seven) subsidiaries (the Holding Bank and its subsidiaries collectively referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2021, Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ('Consolidated Financial Statements' or 'CFS').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS, read with the matter contained in the emphasis of matter paragraph below, exhibit a true and fair view, in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, its consolidated profits and its consolidated cash flows for the year ended on that date.

Basis of Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Those Standards require that we comply with ethical requirements. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our opinion.

Emphasis of Matter

3. Without modifying our opinion, the attention is drawn to Note No. B-22 to Schedule 18 of the CFS, stating that the financial statements of all the seven subsidiaries of NABARD are unaudited and consolidation thereof is prepared based on the numbers certified by the respective managements of these subsidiaries. As further stated in the said Note, the audit of these subsidiaries could not be completed by the respective statutory auditors of those entities, due to prevailing partial lockdown and restrictions on movements to prevent the spread of COVID-19. The impact on the CFS consequent to the adjustments, if any, arising from the audit of these subsidiaries is not ascertained, hence we are unable to comment thereon but as

represented to us by the management of the Bank, such impact would not be material on the CFS.

4. Attention is invited to Note No. A-19 to Schedule 18 of the CFS regarding the uncertainties arising out of the ongoing COVID-19 pandemic and the assessment made by the management of the Holding Bank on its operations and financial reporting for the year ended 31 March 2021; such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they evolve in the subsequent periods. Our report is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the CFS for the year under audit. These matters were addressed in the context of our audit of the CFS, as a whole and in forming our opinion thereon, we do not provide a separate opinion on the key audit matters. In our professional judgement, we have decided the following to be the key audit matter to be communicated in our report.

Particulars of the Key Audit Matter in respect of the Holding Bank	Audit processes in the matter
<p>Multiple IT Systems:</p> <p>The Holding Bank is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on several reports generated by interface of these IT systems and in-built automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> • CLMAS – transactions processing and financial reporting system • TALMS – Treasury Operations • Empower HRMS – HR and payroll • Various workflows inputting data into CLMAS • FAMS – Property, Plant and Equipment • Interface/interplay of one or more of above systems in building up or generating reports <p>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</p> <p>Management of the Holding Bank continuously endeavors several remediation activities and is in the process of bettering the implementation thereof aiming at minimization of the risks over IT applications in the financial reporting process.</p> <p>These include implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>During the year under report, several errors in system interface and in accounting entries pushed by the other systems like TALMS were noted and rectified, in course of the audit.</p> <p>Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.</p>	<p>We performed a range of audit procedures in course of the audit of Standalone Financial Statements of the Holding Bank, which included:</p> <p>Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</p> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> • understanding the Bank's IT control environment and key changes in the course of our audit that were considered relevant to the audit; • selectively recomputing interest calculations and maturity dates; • selectively re-evaluating masters updation, interface with resultant reports; • selective testing of the interface of CLMAS with other IT systems like TALMS, Empower and several workflows; • Having regard to the incidences of incorrect system entries getting posted in the accounting system, detailed inquiries were made into 'root cause analysis' and about lack of adequate checks and balances around such entries, to obtain suitable explanations and representations. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e., verification around the computer system), so as to rectify the incorrect entries noticed during the audit.



Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

6. The Management and Board of Directors of the Holding Bank are responsible for the preparation of the other information, comprising of the information such as Report of Board of Directors and such other disclosures included in the Holding Bank's annual report, excluding the Financial Statements and auditors' report thereon ('Other Information').

The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the CFS does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the CFS, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the CFS or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

Management's Responsibility for the Consolidated Financial Statements

7. The Management of the Holding Bank is responsible for the preparation of the CFS in accordance with the National Bank for Agriculture and Rural Development (Additional) General Regulations, 1984, that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the CFS that

give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the CFS, the respective Management and Board of Directors of the Holding Bank and of companies included in the Group are also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the holding Bank and of the companies included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the CFS, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these CFS. Our audit process in accordance with the SAs is narrated in detail in Annexure 1 to this report.

Other Matters

9. Incorporated in these financial statements are the returns of 17 Regional Offices and 2 Training Centres visited by us for the purposes of audit and the same including Head Office, account for 83.08% of advances, 100.00% of deposits, 84.95% of interest income and 100.00% of interest expenses. These Offices and Training Centre have been selected in consultation with the management of the Holding Bank. We have not visited other remaining offices of the Holding Bank, i.e., 14 Regional Offices and 1 Training Centre but have reviewed their returns sent at the Head Office.

10. Due to restricted movements and partial lockdown imposed by the Authorities to prevent the spread of COVID-19, the entire audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Head Office of the Bank where books of account and other records are kept, based on data/details and financial information/ records remitted by the management through digital medium. Being constrained, we resorted to alternate audit procedures to obtain sufficient and appropriate audit evidence for the significant matters.
11. As stated in paragraph 3 above, the financial statements / financial information of 7 (seven) subsidiaries, whose financial statements / financial information reflect total assets of Rs. 3,978.94 crores as at 31 March 2021, total revenues of Rs. 505.89 crores, total net profit after tax of Rs. 82.12 crores and net cash inflows amounting to Rs. 84.24 crores for the year ended on that date, as considered in the CFS, have not been subjected to audit by the respective auditors of these subsidiaries, due to prevailing lockdown situation. The same being

unaudited, our opinion on the CFS, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is solely based on our reliance placed on the management certified numbers. Our opinion on the CFS and our report on Other Legal and Regulatory Requirements, is based on management's written representation to us that the effect of the changes / adjustments, if any, required to be made to the reported numbers of these subsidiaries consequent to their audit would not be material for the Group.

Report on Other Legal and Regulatory Requirements

12. We report that the CFS have been prepared by the holding bank in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated Financial Statements'. As per the information and explanations provided to us and in our opinion, the CFS comply with the applicable accounting standards, in all material aspects.

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm's Registration No: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership No.: 033494
ICAI UDIN: 21033494AAAAGS4359

Place: Mumbai
Date: 18 May 2021



ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

**(referred to in para 8 titled "Auditor's Responsibilities for the
Audit of the Consolidated Financial Statements")**

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence for material items that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Group.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the CFS or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the CFS, including the disclosures, and whether the CFS represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance of the Holding Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- In course of our review of the management certified unaudited financial statements of all the seven subsidiaries, we communicate with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the Work of Another Auditor".
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2021**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Funds and Liabilities</i>	<i>Schedule</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
1	Capital (Under Section 4 of the NABARD Act, 1981)		15,080.00	14,080.00
2	Reserve Fund and Other Reserves	1	39,639.51	35,247.94
3	Minority Interest	1A	183.18	168.53
4	National Rural Credit Funds	2	16,094.00	16,090.00
5	Gifts, Grants, Donations and Benefactions	3	6,371.61	6,020.77
6	Government Schemes	4	3,485.35	2,446.92
7	Deposits	5	2,41,572.10	2,36,463.09
8	Bonds and Debentures	6	1,95,882.39	1,39,752.25
9	Borrowings	7	1,21,658.87	66,710.34
10	Current Liabilities and Provisions	8	18,690.81	15,650.85
	Total		6,58,657.82	5,32,630.69
	Forward Foreign Exchange Contracts (Hedging) as per contra		1,020.66	1,102.35
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		



**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2021**

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Property and Assets</i>	<i>Schedule</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
1	Cash and Bank Balances	9	4,751.09	12,227.85
2	Investments	10	45,052.34	33,591.06
3	Advances	11	6,03,117.88	4,81,034.31
4	Fixed Assets	12	580.89	550.24
5	Other Assets	13	5,155.62	5,227.23
	Total		6,58,657.82	5,32,630.69
	Forward Foreign Exchange Contracts (Hedging) as per contra		1,020.66	1,102.35
	Commitment and Contingent Liabilities	17		
	Significant Accounting Policies and Notes on Accounts	18		

Schedules referred to above form an integral part of accounts

As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh Dedhia
Partner
Membership No.: 033494

U S Shevde
Chief General Manager
Accounts Department

Mumbai
18 May 2021

Dr G R Chintala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Income</i>	<i>Schedule</i>	<i>2020-21</i>	<i>2019-20</i>
1	Interest Received on Loans and Advances (Refer Note B-8 of Schedule 18)		31,441.51	28,983.76
2	Income from Investment operations / Deposits		3,372.89	3,866.60
3	Other Income		193.78	153.92
	Total (A)		35,008.18	33,004.28

<i>Sr. No.</i>	<i>EXPENDITURE</i>	<i>Schedule</i>	<i>2020-21</i>	<i>2019-20</i>
1	Interest and Financial Charges (Refer Note B-7 of Schedule 18)	14	24,235.65	23,784.07
2	Establishment and other expenses	15 A	2,102.77	2,305.58
3	Expenditure on Promotional Activities	15 B	95.05	69.43
4	Provisions	16	2,328.01	1,434.80
5	Depreciation		50.67	37.21
	Total (B)		28,812.15	27,631.09
6	Profit before Income Tax (A-B)		6,196.03	5,373.18
7	Prior period items		–	–
8	Provision for Income Tax		1,794.13	1,369.05
9	Deferred Tax Asset Adjustment (Refer Note B-10 of Schedule 18)		0.81	46.40
10	Profit after Tax		4,401.09	3,957.73
11	Minority Interest		14.51	20.06
12	Profit available for Appropriation		4,386.58	3,937.66



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

(Amount in ₹ crore)

Sr. No.	Appropriations/Withdrawals	2020-21	2019-20
1	Profit for the year brought down	4,386.58	3,937.66
2	Add: Withdrawals from various funds against expenditure debited to Profit & Loss Account*	125.00	99.77
3	Total Profit Available for Appropriation	4,511.58	4,037.43
	Less : Transferred to*		
1	Special Reserve u/s 36(l)(viii) of the Income Tax Act, 1961	1,100.00	850.00
2	National Rural Credit (Long Term Operations) Fund	1.00	1.00
3	National Rural Credit (Stabilisation) Fund	1.00	1.00
4	Co-operative Development Fund	58.71	17.90
5	Research & Development Fund	29.95	30.33
6	Investment Fluctuation Reserve	457.00	42.50
7	Producers' Organisation Development Fund	104.03	102.61
8	Rural Infrastructure Promotion Fund	20.00	26.20
9	Farm Sector Promotion Fund	17.67	17.95
10	Gramya Vikas Nidhi	47.67	28.55
11	Climate Change Fund	0.97	1.22
12	Catalytic Fund & Forex Fluctuation Reserve Fund	23.03	10.00
13	Reserve Fund	2650.55	2,908.17
	Total	4,511.58	4,037.43

* Refer Schedule 1

Refer Schedule 18 for Significant Accounting Policies and Notes on Accounts.

Schedules referred to above form an integral part of accounts

As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh Dedhia
Partner
Membership No.: 033494

U S Shevde
Chief General Manager
Accounts Department

Mumbai
18 May 2021

Dr G R Chintala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 1 - Reserve Fund and Other Reserves

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Opening Balance as on 01.04.2020</i>	<i>Additions/ Adjustments during the year</i>	<i>Transferred from P&L Appropriation</i>	<i>Transferred to P&L Appropriation</i>	<i>Balance as on 31.03.2021</i>
1	Reserve Fund	23,944.13	12.67	2650.55	0.25	26,607.10
2	Research and Development Fund	52.87	0.75	29.95	30.00	53.57
3	Capital Reserve	85.94	-11.13	–	–	74.81
4	Investment Fluctuation Reserve	1,240.00	–	457.00	–	1,697.00
5	Co-operative Development Fund	60.00	–	58.71	18.71	100.00
6	Special Reserves Created & Maintained u/s 36(1)(viii) of Income Tax Act, 1961	9,435.00	–	1,100.00	–	10,535.00
7	Producers' Organisations Development Fund	200.00	–	104.03	4.03	300.00
8	Rural Infrastructure Promotion Fund	50.00	–	20.00	20.00	50.00
9	Farm Sector Promotion Fund	60.00	–	17.67	17.67	60.00
10	Gramya Vikas Nidhi	90.00	–	47.67	27.67	110.00
11	Climate Change Fund	20.00	–	0.97	0.97	20.00
12	Catalytic Fund	10.00	–	16.00	6.00	20.00
13	Development Corpus Fund	–	5.00	–	–	5.00
14	Foreign Exchange Fluctuation Reserve Fund	–	–	7.03	–	7.03
	Total	35,247.94	7.29	4509.58	125.30	39,639.51
	Previous year	31,322.43	(10.16)	4,035.44	99.77	35,247.94

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 1A - Minority Interest

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Opening Balance as on 01.04.2020</i>	<i>Addition during the year</i>	<i>Adjustments during the year</i>	<i>Closing balance as on 31.03.2021</i>
1	Share capital	87.70	0.22	–	87.92
2	Reserves and Surplus	80.83	14.43	–	95.26
	Total	168.53	14.65	–	183.18
	Previous year	146.01	22.52	–	168.53



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 2 - National Rural Credit Funds

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2020	Contribution by RBI	Transferred from P&L Appropriation	Balance as on 31.03.2021
1	National Rural Credit (Long Term Operations) Fund	14,495.00	1.00	1.00	14,497.00
2	National Rural Credit (Stabilisation) Fund	1,595.00	1.00	1.00	1,597.00
	Total	16,090.00	2.00	2.00	16,094.00
	Previous Year	16,086.00	2.00	2.00	16,090.00

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 3 - Gifts, Grants, Donations and Benefactions

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2020	Addition during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2021
A.	Grants from International Agencies					
1	KfW – NABARD V Fund for Adivasi Programme	0.61	0.03	0.02	0.13	0.53
2	KfW NB UPNRM – Accompanying Measures	–	1.11	–	1.11	–
3	KfW NB UPNRM – Financial Contribution	0.15	–	–	–	0.15
4	KfW UPNRM Fund (Refer Note B-1 of Schedule 18)	–	–	–	–	–
5	KfW Risk Mitigation Fund	7.99	–	–	7.99	–
6	Indo German Watershed Development Programme – Andhra Pradesh	0.64	–	0.03	–	0.67
7	Indo German Watershed Development Programme – Gujarat	1.04	–	0.03	1.04	0.03
8	Indo German Watershed Development Programme – Rajasthan	0.60	–	0.02	0.56	0.06
9	GIZ UPNRM Technical Collaboration	–	0.50	–	0.47	0.03
10	Climate Change – (AFB) – Project Formulation Grant	14.36	10.52	0.58	6.28	19.18
11	GIZ Soil Project	1.41	–	–	–	1.41
12	KfW Soil Project	2.43	8.46	–	8.42	2.47
13	GCF Project Grants	–	11.16	0.04	10.10	1.10
B.	Other Funds					
1	Watershed Development Fund (i)	1,384.09	88.97	86.00	107.84	1,451.22
2	Interest Differential Fund – (Forex Risk)	237.80	–	16.96	19.05	235.71

<i>Sr. No.</i>	<i>Particulars</i>	<i>Opening Balance as on 01.04.2020</i>	<i>Addition during the year</i>	<i>Interest Credited *</i>	<i>Expenditure / Adjustments during the year</i>	<i>Balance as on 31.03.2021</i>
3	Interest Differential Fund – TAWA	0.10	–	–	–	0.10
4	Adivasi Development Fund	5.77	–	–	–	5.77
5	Tribal Development Fund (ii)	1,261.91	88.97	101.03	115.47	1,336.44
6	Financial Inclusion Fund (iii)	2,573.39	296.58	162.18	300.68	2,731.47
7	Financial Inclusion Fund – Digital	18.21	19.04	–	25.28	11.97
8	PODF-ID (iv)	252.01	118.63	11.94	68.43	314.15
9	National Bank – Swiss Development Coop. Project	64.43	0.84	–	–	65.27
10	RPF & RIF – Off-Farm Sector Promotion Fund	21.21	–	1.11	1.77	20.55
11	Centre for Professional Excellence in Co-operatives – (C-PEC)	2.74	–	0.21	–	2.95
12	LTIF Interest Fluctuation Reserve Fund	27.84	25.03	3.26	-53.69	109.82
13	National Adaptation Fund for Climate Change a/c	142.04	39.94	4.05	125.47	60.56
	Total	6,020.77	709.78	387.46	746.40	6,371.61
	Previous year	5,701.47	715.01	370.68	766.39	6,020.77

*Refer note no B-3 of Schedule 18

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 unutilised balances, wherever applicable.

Includes income tax paid of:

- (i) ₹24.41 crore
- (ii) ₹24.41 crore
- (iii) ₹81.37 crore
- (iv) ₹32.55 crore



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 4 - Government Schemes

(Amount in ₹ crore)

Sr. No.	Particulars	Opening Balance as on 01.04.2020	Additions during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2021
A	Government Subsidy Schemes					
1	Capital Investment Subsidy for Cold Storage Projects – NHB	0.89	–	–	–	0.89
2	Capital Subsidy for Cold Storage TM North East	0.08	–	–	–	0.08
3	Credit Linked Capital Subsidy for Technology Upgradation of SSIs	0.02	14.65	–	13.96	0.71
4	On-farm Water Management for Crop Production	0.07	–	–	–	0.07
5	Bihar Ground Water Irrigation Scheme (BIGWIS)	78.98	–	–	–	78.98
6	Cattle Development Programme – Uttar Pradesh	0.03	–	–	–	0.03
7	Cattle Development Programme – Bihar	0.08	–	0.01	–	0.09
8	National Project on Organic Farming	1.64	–	–	0.17	1.47
9	Integrated Watershed Development Programme – Rashtriya Sam Vikas Yojana	4.29	–	–	–	4.29
10	Dairy and Poultry Venture Capital Fund	1.14	–	–	1.00	0.14
11	Poultry Venture Capital Fund	4.51	–	–	4.51	0.00
12	ISAM – Agricultural Marketing Infrastructure	49.95	143.94	–	162.88	31.01
13	ISAM - Grant Recd for Promotional Expenditure a/c	0.01	–	–	0.01	–
14	NATIONAL LIVESTOCK MISSION – PVCF EDEG	146.30	112.60	–	183.18	75.72
15	Centrally Sponsored Scheme for establishing Poultry Estate	–	–	–	-0.08	0.08
16	Multi Activity Approach for Poverty Alleviation – Sultanpur, Uttar Pradesh	0.07	–	0.01	–	0.08
17	Multi Activity Approach for Poverty Alleviation – BAIF – Rae Bareli, Uttar Pradesh	0.02	–	–	–	0.02
18	Dairy Entrepreneurship Development Scheme	217.35	–	–	132.85	84.50
19	CSS for Solar Mission	0.03	–	–	–	0.03
20	CSS – JNNM – Solar Lighting a/c	0.02	–	–	–	0.02
21	CSS – Solar Photovoltaic Water Pumping	0.02	–	–	-0.01	0.03
22	Capital Subsidy Scheme – Agri Clinic Agri Business Centres	7.12	10.73	–	10.47	7.38
23	CSS MNRE Lighting Scheme 2016 a/c	0.08	–	–	-0.03	0.11
24	Artificial Recharge of Groundwater in Hard Rock Area	4.62	–	–	–	4.62
25	CSS on Formation And Promotion of FPO	–	33.27	–	–	33.27

Sr. No.	Particulars	Opening Balance as on 01.04.2020	Additions during the year	Interest Credited *	Expenditure / Adjustments during the year	Balance as on 31.03.2021
B	Other Government Schemes					
1	Agriculture Debt Waiver and Debt Relief Scheme (ADWDR) 2008	284.65	–	–	2.53	282.12
2	Women's Self Help Groups [SHGs] Development Fund	44.75	–	–	7.60	37.15
3	PRODUCE FUND	34.87	–	–	11.30	23.57
4	Revival of 23 unlicensed DCCBs	111.22	–	–	–	111.22
5	Interest Subvention (Sugar Term Loan)	104.41	568.04	–	240.42	432.03
6	AMI – Workshop Assistance Fund	0.04	–	–	0.02	0.02
7	Kutch Drought Proofing Project	0.22	–	–	–	0.22
8	Revival Package for Long Term Cooperative Credit Structure (LTCCS)	20.00	–	–	–	20.00
9	Revival Reform and Restructure of Handloom Sector	8.47	15.56	–	17.20	6.83
10	Comprehensive Handloom Package	0.23	14.93	–	13.11	2.05
11	Interest Subvention (SAO, NRLM, NWR)	1,320.74	5,385.14	–	4,459.86	2,246.02
12	Arunachal Agri Start Up Scheme	0.50	–	–	–	0.50
	Total	2,447.42	6,298.86	0.02	5,260.95	3,485.35
	Previous year	1,244.84	8,351.74	0.02	7,149.18	2,447.42

*Refer note no B-3 of Schedule 18

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 unutilised balances, wherever applicable.

SCHEDULE TO CONSOLIDATED BALANCE SHEET Consolidated Schedule 5 - Deposits

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	From Central Government	–	–
2	From State Governments	–	–
3	From Others		
	a) Tea/Rubber/Coffee Deposits	64.10	61.47
	b) Commercial Banks (Deposits Under RIDF)	1,36,226.93	1,30,442.23
	c) Short Term Cooperative Rural Credit Fund	44,644.51	44,786.94
	d) ST RRB Credit Refinance Fund	9,921.00	9,952.65
	e) Warehouse Infrastructure Fund	5,540.00	5,940.00
	f) Long Term Rural Credit Fund	44,825.56	44,929.80
	g) Fund for Food Processing Units	350.00	350.00
	Total	2,41,572.10	2,36,463.09



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 6 - Bonds and Debentures

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
1	Tax Free Bonds (Refer Note B-16 of Sch 18)	5,000.00	5,000.00
2	Non Priority Sector Bonds	75,648.30	48,628.30
3	Capital Gains Bonds	1.29	1.29
4	Bhavishya Nirman Bonds	–	405.46
5	PMAY-G-GOI Fully Serviced Bonds	48,809.60	28,809.80
6	LTIF Bonds	33,615.40	30,010.50
7	LTIF-GOI Fully Serviced Bonds	18,755.00	14,598.70
8	SBM-G-GOI Fully Serviced Bonds	12,298.20	12,298.20
9	Micro irrigation Fund (MIF) Bonds	1,754.60	–
	Total	1,95,882.39	1,39,752.25

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 7 - Borrowings

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
(A)	In India		
1	Central Government	–	–
2	JNN Solar Mission	2.81	2.81
3	Reserve Bank of India	24,567.00	–
4	Others:		
	i) Certificate of Deposits	11,590.27	21,144.63
	ii) Commercial Paper	42,457.06	24,035.75
	iii) Borrowing under Collateralised Borrowing Lending Obligation (CBLO) / Tri-Party Repo *	12,044.39	6,224.71
	iv) Term Money Borrowings	3,601.82	7,210.51
	v) Repo a/c - Borrowings	–	–
	vi) Borrowings from Commercial Banks, FI, Others	26,435.54	7,039.33
	vii) Facility from Commercial Banks	–	–
(B)	Outside India		
1	International Agencies	959.98	1,052.60
	Total	1,21,658.87	66,710.34

* borrowings under CBLO/ Tri-party Repo are secured against Government Securities including Treasury Bills

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 8 - Current Liabilities and Provisions

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	Interest / Discount Accrued	7,356.92	7,293.11
2	Sundry Creditors [Refer note B-5 of Schedule-18]	1,422.52	785.68
3	Subsidy Reserve (Co-finance, Cold Storage, CSAMI)	87.74	106.36
4	Provision for Gratuity	5.84	20.81
5	Provision for Pension	40.51	162.13
6	Provision for Encashment of Ordinary Leave	376.53	362.62
7	Provision for Post-Retirement Medical Benefit	135.10	135.10
8	Provision for Salary revision [Refer note B-9 of Schedule-18]	680.00	500.00
9	Unclaimed Interest on Bonds	3.22	4.00
10	Unclaimed Interest on Term Deposits	-	0.12
11	Term Deposits matured but not claimed	-	0.05
12	Bonds matured but not claimed	31.75	39.14
13	Bond Premium	225.22	88.29
14	Debt Servicing Reserve	-	-
15	Provisions and Contingencies		
	a) Provision for Depreciation in value of Investment – G. Sec	355.70	-
	b) Provision for Amortisation of G. Sec – HTM	103.92	81.30
	c) Provision for Standard Assets	2,637.17	1,937.78
	d) Provision for Non-performing Investments	650.35	564.86
	e) Counter Cyclical Provisioning Buffer	1,264.45	514.44
	f) Provision for Other Assets & Receivables	141.24	4.64
	g) Provision for Income Tax [Net of Advance Tax]	3,052.47	3,050.08
16	Other Liabilities	120.16	0.34
	Total	18,690.81	15,650.85

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 9 - Cash and Bank Balances

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	Cash in hand	-	-
2	Balances with:		
	a) Reserve Bank of India	843.23	621.20
	b) Others:	-	-
	(1) In India	-	-
	(i) Other Banks in India	-	-
	a) In Current Account	637.18	540.85
	b) Deposit with Banks	3,270.68	11,065.80
	(ii) Remittance in Transit	-	-
	(iii) Collateralised Borrowing and Lending Obligations /Tri-Party Repo	-	-
	(2) Outside India	-	-
	Total	4,751.09	12,227.85



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 10 - Investments

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	Government Securities (Refer Note B-18 of Sch 18)		
	a) Securities of Central Government & State Govt [Face Value ₹35,624.49 crores (₹22,413.09 crores)] [Market Value ₹37,610.53 crores (₹23,708.09 crores)]	37,878.80	23,248.25
	b) Treasury Bills [Face Value ₹565.00 crores (₹0.00)] [Market Value ₹556.31 crores (₹0.00)]	556.31	–
2	Other Approved Securities		
3	Equity Shares in:		
(a)	Agricultural Finance Corporation Ltd. [1,000 (1,000) – Equity shares of ₹10,000 each]	1.00	1.00
(b)	Small Industries Development Bank of India [5,31,92,203 (5,31,92,203) – Equity shares of ₹10 each]	966.28	966.28
(c)	Agriculture Insurance Company of India Ltd. [6,00,00,000 (6,00,00,000) – Equity shares of ₹10 each]	60.00	60.00
(d)	Multi Commodity Exchange of India Ltd. [3,77,758 (3,77,758) – Equity shares of ₹10 each]	0.30	0.30
(e)	National Commodity and Derivatives Exchange Ltd. [56,25,000 (56,25,000) – Equity shares of ₹10 each]	16.88	16.88
(f)	CSC e-Governance Services India Ltd Equity [55,000 (55,000) Shares of ₹1000 each]	9.75	9.75
(g)	Agriculture Skill Council of India [4,000 (4,000) Shares of ₹10 each]	0.00	0.00
(h)	National E-Governance Services India Ltd [Equity] [15,00,000 (15,00,000) Shares of ₹10 each]	1.50	1.50
(i)	National e-Repository Ltd. [105,30,000 (105,30,000) Shares of ₹10 each]	10.53	10.53
(j)	Other Equity Investments [Market Value ₹84.88 crores (₹82.44 crores)]	43.73	47.31
4	Debentures and Bonds		
(i)	Special Dev Debentures of SCARDBs (Refer Note B-14 of Schedule 18)	709.80	1,118.34
(ii)	Non-Convertible Debentures	1,482.96	2,246.26
5	Others		
(a)	Mutual Fund	2,019.58	3,519.17
(b)	Commercial Paper [Face Value ₹650.00 crore (₹300.00 crore)]	618.08	276.87
(c)	Certificate of Deposit [Face Value ₹250.00 crore (₹1725.00 crore)]	243.44	1,660.04
(d)	Venture Capital Funds / AIFs	285.14	222.10
(e)	Investment Earmarked towards EOL	148.26	186.49
	Total	45,052.34	33,591.06

@ All the above investments are made in India

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 11 - Advances

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	Refinance Loans		
(a)	Production & Marketing Credit	1,06,372.45	68,692.87
(b)	Medium Term – Conversion Loans	15.15	92.00
(c)	Other Investment Credit:		
(i)	Medium Term and Long Term Project Loans (Refer Note B -14 of Schedule 18)	1,96,221.72	1,63,519.32
(ii)	Direct refinance to DCCBs	4,566.76	3,025.89
(iii)	Other Refinance Loans – JNN Solar Mission	–	–
2	Direct Loans		
(a)	Loans under Rural Infrastructure Development Fund	1,32,723.87	1,25,647.06
(b)	Loans under Warehouse Infrastructure Fund	5,155.31	5,164.37
(c)	Long Term Non-Project Loans (net of provision)	3,464.94	3,161.74
(d)	Loans under NABARD Infrastructure Development Assistance (NIDA)	17,998.73	11,750.48
(e)	Loans under Producers' Organisation Development Fund (PODF) (net of provision)	37.58	82.68
(f)	Credit Facility to Federations [CFF]	20,038.21	12,123.24
(g)	Loans under Food Processing Fund	293.35	278.80
(h)	Loans under Long Term Irrigation Fund	51,712.54	44,687.28
(i)	PMAY-G	48,819.03	28,819.23
(j)	Swacch Bharat Mission-Gramin (SBMG)	12,298.20	12,298.20
(k)	Loans under Dairy Processing and Infrastructure Development Fund (DIDF)	956.33	1,009.69
(l)	Loans under Green Climate Fund (GCF)	319.82	344.43
(m)	Micro Irrigation Fund	1,827.47	–
(n)	Fisheries and Aquaculture Infrastructure Development Fund	193.77	–
(o)	Other Loans:		
(i)	Loans out of Watershed Development Fund	0.11	20.64
(ii)	Loans under KfW UPNRM (net of provision)	15.55	129.68
(iii)	Loans out of Tribal Development Fund (net of provision)	0.34	0.96
(iv)	Loans under off-farm sector promotion activities (net of provision)	85.17	185.65
(v)	Loans out of Micro Finance Development Equity Fund (net of provision)	1.48	0.10
(vi)	Loans out of Farm Sector Promotion Activities Programme (net of provision)	–	–
(p)	Co-Finance Loans (net of provision)	–	–
(q)	Direct Loans Under Sec 30 (net of provision)	–	–
	Total	6,03,117.88	4,81,034.31



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 12 – Property, Plant & Equipment (Fixed Assets)

(Amount in ₹ crore)

Sr. No.	Particulars	As on 31.03.2021	As on 31.03.2020
1	LAND: Freehold & Leasehold*		
	Opening Balance	201.08	185.84
	Additions/adjustments during the year	–	15.24
	Sub-Total	201.08	201.08
	Less: Cost of assets sold/written off	–	0.00
	Closing Balance (at cost)	201.08	201.08
	Less: Amortisation of Lease Premia	60.80	59.04
	Book Value	140.28	142.04
2	PREMISES*		
	Opening Balance	582.73	424.39
	Additions/adjustments during the year	73.00	173.45
	Sub-Total	655.73	597.84
	Less: Cost of assets sold/written off	–	15.11
	Closing Balance (at cost)	655.73	582.73
	Less: Depreciation to date	301.39	280.90
	Book Value	354.34	301.83
3	FURNITURE & FIXTURES		
	Opening Balance	69.72	70.39
	Additions/adjustments during the year	-1.64	7.39
	Sub-Total	68.08	77.78
	Less: Cost of assets sold/written off	0.30	8.06
	Closing Balance (at cost)	67.78	69.72
	Less: Depreciation to date	62.13	61.64
	Book Value	5.65	8.08
4	COMPUTER INSTALLATIONS & OFFICE EQUIPMENT		
	Opening Balance	174.86	134.80
	Additions/adjustments during the year	33.08	48.78
	Sub-Total	207.94	183.58
	Less: Cost of assets sold/written off	3.79	8.72
	Closing Balance (at cost)	204.15	174.86
	Less: Depreciation to date	145.14	121.08
	Book Value	59.01	53.78
5	VEHICLES		
	Opening Balance	8.60	10.10
	Additions/adjustments during the year	5.97	4.97
	Sub-Total	14.57	15.07
	Less: Cost of assets sold/written off	2.88	6.47
	Closing Balance (at cost)	11.69	8.60
	Less: Depreciation to date	4.60	4.43
	Book Value	7.09	4.17
6	Capital Work in Progress [Purchase of Staff Quarters & Office Premises]	14.52	40.33
	Total	580.89	550.24

* Refer note B-12 & B-13 of Schedule 18

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 13 - Other Assets

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
1	Accrued Interest	3,238.85	3,573.31
2	Deposits with Landlords	1.56	1.77
3	Deposits with Government Departments and Other Institutions	37.55	38.48
4	Housing loan to staff	121.15	135.42
5	Other Advances to staff	85.17	93.28
6	Sundry Advances	107.38	112.00
7	Deferred Tax Assets (Refer Note B-10 of Schedule 18)	160.80	159.28
8	Expenditure recoverable from Government of India / International Agencies (Refer Note B-4 of Schedule 18)	1,340.66	1,065.38
9	Discount Receivable	11.53	27.05
10	Discount on Issue of Bonds	3.23	3.64
11	Securitisation PTC	47.74	17.62
12	Advances to Landlords	–	–
	Total	5,155.62	5,227.23

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 14 - Interest and Financial Charges

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2020–21</i>	<i>2019–20</i>
1	Interest Paid on		
(a)	Deposits under RIDF	5,726.58	6,114.48
(b)	Short Term Cooperative Rural Credit Fund*	1,809.50	1,885.81
(c)	ST RRB Credit Refinance Fund*	397.46	418.83
(d)	Warehouse Infrastructure Fund	246.35	278.06
(e)	Long Term Rural Credit Fund	1,627.40	1,788.78
(f)	Fund for Food Processing Units	14.78	16.08
(g)	Tea / Coffee / Rubber Deposits	2.66	3.44
(h)	CBS Deposits	–	–
(i)	Term Money Borrowings	301.18	214.30
(j)	Bonds*	9,955.36	8,420.70
(k)	Corporate Loans	512.14	612.99
(l)	Borrowings from International Agencies	28.33	30.21
(m)	Borrowing against ST Deposit	–	–
(n)	Discount on Commercial Paper	1,040.96	1,688.88
(o)	Discount on Certificate of Deposits	903.91	1,518.23
(p)	Repo Interest Expenditure	19.79	26.17
(q)	Interest on funds	364.81	347.46
(r)	Borrowing from RBI under SLF	846.88	
2	Discount on CBLO / Tri-Party Repo	359.30	342.52
3	Discount, Brokerage, Commission & issue exp. on Bonds and Securities	44.71	38.57
4	Swap Charges	33.55	38.56
	Total	24,235.65	23,784.07

* Refer note B-7 of Schedule 18



SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 15 A - Establishment and Other Expenses

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
1	Salaries and Allowances (Refer Note B-9 of Schedule 18)	943.38	1,015.76
2	Contribution to / Provision for Staff Superannuation Funds	694.73	801.34
3	Other Perquisites & Allowances	120.15	65.33
4	Travelling & Other allowances in connection with Directors' & Committee Members' Meetings	0.14	0.36
5	Directors' & Committee Members' Fees	0.56	0.31
6	Rent, Rates, Insurance, Lighting, etc.	27.73	39.44
7	Travelling Expenses	26.51	46.70
8	Printing & Stationery	5.08	7.17
9	Postage, Telegrams & Telephones	20.02	20.36
10	Repairs	15.44	44.57
11	Auditors' Fees	0.50	0.46
12	Legal Charges	2.03	1.63
13	Miscellaneous Expenses	175.31	169.78
14	Expenditure on Miscellaneous Assets	10.03	16.79
15	Expenditure on Study & Training	61.17	75.59
	Total	2,102.77	2,305.58

Consolidated Schedule 15 B - Expenditure on Promotional Activities

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
1	Cooperative Development Fund	18.71	17.90
2	Producers Organisation Development Fund	4.03	2.61
3	Rural Infrastructure Promotion Fund	20.00	1.20
4	Farm Sector Promotion Fund	17.67	17.95
5	Climate Change Fund	0.97	1.22
6	Gramya Vikas Nidhi	27.67	28.55
7	Catalytic Capital Fund	6.00	-
	Total	95.05	69.43

SCHEDULE TO CONSOLIDATED BALANCE SHEET
Consolidated Schedule 16 - Provisions

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
	Provisions for:		
1	Standard Assets	699.40	198.18
2	Non Performing Asset	878.55	736.59
3	Non Performing Asset - Staff Loans	0.06	0.03
4	Floating provisions (Refer Note B-19 of Schedule 18)	750.00	500.00
	Total	2,328.01	1,434.80

Consolidated Schedule 17 - Commitments and Contingent Liabilities

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>As on 31.03.2021</i>	<i>As on 31.03.2020</i>
1	Commitments on account of capital contracts remaining to be executed	1.08	1.81
	Sub Total "A"	1.08	1.81
2	Contingent Liabilities		
(i)	Claims against the Bank not acknowledged as debt	–	–
(ii)	Bank Guarantee	24.18	25.57
(iii)	Pending Legal Cases	9.00	–
	Sub Total "B"	33.18	25.57
	Total (A + B)	34.26	27.38



SCHEDULE 18

Significant Accounting Policies and Notes forming Part of Accounts for the year ended 31 March 2021

A. 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. Basis of Consolidation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India. The excess/ deficit of the cost to the Bank of its investment, over the Bank’s portion of net assets at the time of acquisition of shares is recognised in Reserves & Surplus.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Bank’s standalone financial statements. The figures pertaining to the Subsidiary Companies have been recast/ reclassified wherever necessary to bring them in line with the parent Bank’s financial statements.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Bank.

The Notes and Significant accounting policies to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Bank has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory conformation disclosed in the financial statements of the parent and the subsidiary companies which are not having any effect on the true and fair view of the Consolidated Financial statements are excluded.

The financial statements of the Bank and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions have been eliminated and unrealized losses resulting from the intra-group transactions have also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiaries is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiaries, if exceeds the minority interest in the equity, the excess and further losses applicable to the minority, are adjusted against the Group’s interest.

Share of minority interest in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separately from liabilities and the equity of the company’s shareholders.

3. The consolidated financial statements present the accounts of the Bank with its following subsidiaries:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership (%)	
		2020-21	2019-20
NABKISAN Finance Limited (NABKISAN)	India	87.48	87.48
NABSAMRUDDHI Finance Limited (NABSAMRUDDHI)	India	91.09	90.68
NABFINS Limited (NABFINS)	India	63.10	63.10
NABARD Consultancy Services Private Limited (NABCONS)	India	100	100
NABVENTURES Limited (NABVENTURES)	India	100	100
NABFOUNDATION	India	100	100
NABSANRAKSHAN Trustee Private Limited (NABSANRAKSHAN)	India	100	–

4. 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 recognised in the year of outcome of such results.

5. Revenue recognition:

- 5.1 Income and expenditure are accounted on accrual basis, except the following, which are accounted on cash basis:
- Interest on non-performing assets identified as per RBI guidelines.
 - Income by way of penal interest charged due to delayed receipt of loan dues or non-compliance with terms of loan.
 - Service Charges on loans given out of various Funds.
 - Expenses not exceeding ₹10,000 at each accounting unit, under a single head of expenditure.
 - Upfront processing fees collected from customers for processing loans.
 - Monitoring cost received by NABCONS under DDU-GKY scheme.

5.2 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 recognised as expenditure in the year of issue of Bonds.

5.3 Dividend on investments is accounted for, when the right to receive the dividend is established.

5.4 Release of subsidy in which NABARD is acting as a pass through agency is accounted for on payment basis subject to availability of funds under the respective schemes.

5.5 Income from Venture Capital Funds are accounted on realization basis.

5.6 Recovery in non-performing assets (NPA) is appropriated in the following order:

- Penal Interest
- Cost & charges
- Overdue interest and interest
- Principal

5.7 Interest from the term loan disbursed and interest from banks are recognised on time proportion basis taking into account amount outstanding and the rate applicable.

5.8 Income from services (NABCONS)

5.8.1 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 assignment 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 and 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.

5.8.2 In case of foreign assignments, the income has been recognised as soon as the assignment is executed.

5.8.3 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.

5.8.4 An 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.

5.8.5 In respect of pass through and 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 recognised at the time of release of each instalment amount.

6. Property, Plant and Equipment (Fixed Assets) and Depreciation

- 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 capitalised, only when it increases the future benefit from the existing assets beyond its previously assessed level of performance.
- Land includes freehold and leasehold land.
- Premises include value of land, where segregated values are not readily available.
- Depreciation policy on premises situated on freehold land and leasehold land has been revised during the FY 2017-18 and calculated on straight line basis over the period of 30 years.
- The upfront lease premium paid on leasehold land are amortized over the tenure of lease period @5% on opening written down value or the proportionate amount of remaining lease premium on the remaining period of lease, whichever is higher.
- Fixed Assets individually costing ₹1 lakh or 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 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.
- 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%

- Depreciation is charged from the month the asset is capitalised in the year of purchase and till the month the asset is sold in the year of sale.
- Capital work in progress includes capital advances and is disclosed under Fixed Assets.
- In case of subsidiaries the depreciation on fixed assets is provided on following basis:

Name of the Subsidiary	Method of Depreciation
NABKISAN	WDV as per Schedule II
NABSAMRUDDHI	WDV as per Schedule II
NABFINS	SLM as per Schedule II
NABCONS	SLM as per Schedule II
NABVENTURES	SLM as per Schedule II
NABFOUNDATION	SLM as per Schedule II
NABSANRAKSHAN	WDV as per Schedule II

7. Investments

- 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”).
- 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”.
- Investments classified under HTM 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 recognised in Profit & Loss A/c.
- e) Investments under “AFS” are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Pvt. Ltd. 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 such revaluation.
- f) Investments under “HFT” are marked to market, scrip-wise, at the rate, declared by Fixed Income Money Market and Derivative Association of India (FIMMDA) and by Financial Benchmarks India Private Limited. Depreciation / appreciation is recognised in the category for investments classified as “HFT”. The book value of the individual scrip is changed after such revaluation.
- g) Investments in subsidiaries, joint ventures and associates are classified as Held to Maturity.
- h) Treasury Bills, Commercial Papers and Certificates of Deposits are valued at carrying cost.
- i) Unquoted Shares are valued at breakup value, if the latest Audited Financial Statements of the investee companies are available, or at ₹1/- per Company as per RBI guidelines.
- 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 capitalised.
- l) Broken period interest paid/received on debt investments 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.
- p) Investments in Venture Capital Funds are accounted as per the accounting policy adopted by the respective Fund.

8. 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 Profit and Loss account.

9. Foreign Currency Transactions

As per Accounting Standard (AS-11) on Accounting for the Effects of Changes in Foreign Exchange Rates issued by the ICAI; following accounting treatment is given to foreign exchange transactions:

- a) Assets and liabilities in foreign currency are revalued at the exchange rate notified by Reserve Bank of India as at the close of the year/reporting date. The hedged portion of the foreign currency borrowings are stated at the contracted value and the liability of hedged borrowing as per year-end exchange rate is disclosed as a contra item in the Balance Sheet (as off Balance Sheet item).
- b) Income and Expenditure items are translated at the exchange rates prevailing on the date of the transaction.

10. Accounting for Foreign Exchange Contracts

- a) Foreign Exchange Contracts are to hedge the repayment of foreign currency borrowings.
- b) The foreign currency borrowings which are hedged are stated at the contract rate.
- c) The foreign exchange unhedged contracts are revalued at the exchange rates notified by FEDAI at the year end. The resultant gain / loss on revaluation is recognised in the Profit & Loss Account under the head Gains / Loss on revaluation of Forward Exchange Contract Account. Premium / discount are accounted over the life of the contract.
- d) The Profit / Loss on cancellation and renewal of foreign exchange contracts are recognised in Profit and Loss Account under the head ‘Profit / Loss on Foreign Currency Loan Account’.



11. 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, for long term employee benefits 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 Retirement Benefits:

i) Defined Contribution Plan

- a) 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 recognised on accrual basis.
- b) 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 entitled for compensated absences. All the eligible employees are also entitled 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.

12. 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 recognised, 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.

13. 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.

14. 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 recognised in the previous periods.
- b) Impairment loss is recognised when the carrying amount of an asset exceeds recoverable amount.

15. Provisions, Contingent Liabilities and Contingent Assets

15.1 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.

15.2 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.

15.3 Contingent assets are neither recognised, nor disclosed.

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

16. Cash and cash equivalents

- a) Cash and cash equivalents for the purpose of cash flow statement comprises cash at bank, cash in hand, demand deposits with banks and other short-term investments with an original maturity of three months or less.
- b) Cash Flow statement is reported using Indirect method. The cash flow from operating, financing and investing activity is segregated based on the available information.

17. Prior Period Income / Expenses

Items of Income / Expenditure which are prior period in nature is disclosed separately only when the individual prior period income / expense exceeds 0.5% of Gross Income.

18. Implementation of Indian Accounting Standards (Ind AS)

In terms of the Press Release No. 11/10/2009 CL-V dated 18 January 2016 issued by the MCA, the bank would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending 31 March 2018 and thereafter. The implementation of Ind AS by AIFIs has been deferred by Reserve Bank of India until further notice.

19. Impact of Covid-19

- a) The outbreak of COVID-19 across the globe and in India consequent to the restricted movements and partial lockdown has caused significant decline in the economic activity of the nation. It has created disruptions across the businesses more particularly in Banking and Financial services sector also posing severe challenges to the farm sector, especially during the peak of *rabi* season in the country and when crops are at harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the *mandis* (market yards) for assured procurement operations by designated government agencies.
- b) The management of the Holding Bank assessed the impact of the COVID19 considering its internal and external inputs for ascertaining the same on the financial reporting numbers, which in turn is based on its assessment of the evolving developments in the subsequent periods.
- c) As banking and financial services are categorized as essential services, all the routine activities of the bank on policy matters, disbursement of loans, Investment of surplus and other related operations are conducted smoothly during the lockdown period by allowing majority staff to work from home through online / digital mode. A limited number of staff are called to office on rotational basis for attending to emergency work.

In the opinion of the management of the Holding Bank, based on information presently available, the impact of COVID-19 on the reported numbers and impairment of the assets would not be significant.

B. Notes forming part of the Accounts

- 1. 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 Other loans and disclosed under Schedule 11. The borrowing related to the UPNRM are classified as borrowing from international agencies and disclosed under Schedule 7. During the year, a sum of ₹5.91 crore (₹21.06 crore), representing total expenditure of ₹17.64 crores over income of ₹11.73 crores under the fund, has been charged to Profit & Loss Account.

2. During the FY 2020-21, ₹33.27 crore was received from Government of India under Central Sector Scheme towards formation and promotion of 10,000 Farmer Producer Organisations.
3. Interest on unutilised balances has been credited to the following funds as per the respective agreements / as approved by the management/ Board of Directors. The details of rate of interest for respective funds are as under:

Sr. No.	Name of the Fund	Rate of Interest for 2020-21	Rate of Interest for 2019-20
1.	Watershed Development Fund	4%	4%
2.	KfW- NB IGWDP (Andhra Pradesh, Gujarat, Rajasthan)	4%	4%
3.	KfW Accompanying Measures	4%	4%
4.	National Adaptation Fund for Climate change	4%	4%
5.	Tribal Development Fund	4%	4%
6.	Financial Inclusion Fund	4%	4%
7.	KfW NB- V Adivasi Development Programme – Gujarat	4%	4%
8.	Climate Change – (AFB) – Project Formulation Grant	4%	4%
9.	LTIF Interest Fluctuation Reserve Fund	4%	4%
10.	PODF-ID	4%	4%
11.	GCF Project Grants	4%	–
12.	Cattle Development Fund (UP & Bihar)	7.52%	8.97%
13.	Multi Activity Approach for Poverty Alleviation (Sultanpur and Rae Bareilly)	7.52%	8.97%
14.	Center for Professional Excellence in Co-operatives	7.52%	8.97%

4. Recoverable from Government of India / International Agencies (Refer Schedule-13 of Balance Sheet) includes ₹6.92 crore (₹1.06 crore) being debit balance of various funds. The details of such funds are as under:

(Amount in ₹ crore)

Sr. No.	Name of the Fund	31.03.2021	31.03.2020
1	KfW- UPNRM – Accompanying Measures	0.07	0.59
2	KfW- Soil Project	6.70	0.00
3	KfW UPNRM – Technical collaboration	0.00	0.47
4	Poultry Venture Capital Fund	0.15	0.00

5. Sundry creditors includes ₹30.48 crore (₹30.48 crore) being amounts outstanding to contributors in respect of Micro Finance Development and Equity Fund (MFDEF).
6. Pursuant to the directions of RBI, the relative margin available to the Bank in excess of 0.5% in respect of Rural Infrastructure Development Fund (RIDF) deposits, Warehousing Infrastructure Fund (WIF) deposits and Food Processing Fund (FPF), placed by the Commercial Banks is credited to Watershed Development Fund, Tribal Development Fund, Financial Inclusion Fund and PODF.
7. Interest Subvention received / receivable from Government of India (GOI) under various schemes has been adjusted from Interest and financial charges under Schedule 14. The amount of Interest subvention adjusted under different schemes is given below:

(Amount in ₹ crore)

Sr. No.	Scheme	2020-21	2019-20
1.	Long Term Irrigation Fund	454.71	332.74
2.	Seasonal Agricultural Operations (SAO)	-672.18	-296.60
3.	Dairy Processing and Infrastructure Development Fund (DIDF)	20.25	15.18
4.	National Rural Livelihood Mission (NRLM)	15.56	20.54
5.	Micro Irrigation Fund (MIF)	34.60	0.00
6.	Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	1.64	0.00

8. Interest Margin 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 has been accounted as interest income. The amount received/ receivable from GOI under the scheme stood at ₹90.10 crore (₹100.02 crore).

9. The salaries and allowances of the employees of the Bank are reviewed every five years. The review is due from 01 November 2017. Pending such settlement, an amount of ₹180 crore (₹200 crore) has been provided, during the year under report, under the head Salary and Allowances during the year.
10. The Bank, during the year, in accordance with AS 22 “Accounting for taxes on Income”, recognised in the Profit and Loss Account the deferred tax asset of (-) ₹11.45 crore ((-) ₹45.09 crore). Details of deferred tax are as under:

(Amount in ₹ crore)

Sr. No.	Deferred Tax Assets	31.03.2021	31.03.2020
1	Provision allowable on payment basis	128.38	126.99
2	Depreciation on Fixed Assets	18.63	31.47
3	Others	13.79	0.82
	Total	160.80	159.28

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.

11. The details of pending Income Tax Appeals with various authorities as at the end of FY 2020-21 is given below:

Sr. No.	Assessment Year	Authority where Appeal is pending	Appeal preferred by	Amount in dispute 31.03.2021 (₹ crore)	Amount in dispute 31.03.2020 (₹ crore)
1.	2006-07	High Court – Mumbai	IT Dept.	115.52	115.52
2.	2007-08	Income Tax Appellate Tribunal (ITAT)	IT Dept.	89.56	89.56
3.	2008-09	Income Tax Appellate Tribunal (ITAT)	IT Dept.	–	118.77
4.	2009-10	Income Tax Appellate Tribunal (ITAT)	IT Dept.	–	194.82
5.	2010-11	Income Tax Appellate Tribunal (ITAT)	NABARD	28.20	28.20
6.	2010-11	Income Tax Appellate Tribunal (ITAT)	IT Dept.	215.31	215.31

Sr. No.	Assessment Year	Authority where Appeal is pending	Appeal preferred by	Amount in dispute 31.03.2021 (₹ crore)	Amount in dispute 31.03.2020 (₹ crore)
7.	2011-12	Income Tax Appellate Tribunal (ITAT)	NABARD	51.07	51.07
8.	2011-12	Income Tax Appellate Tribunal (ITAT)	IT Dept.	287.62	287.62
9.	2012-13	Income Tax Appellate Tribunal (ITAT)	NABARD	45.63	45.63
10.	2012-13	Commissioner of Income Tax (Appeals)	NABARD	25.55	25.55
11.	2012-13	Income Tax Appellate Tribunal (ITAT)	IT Dept.	327.03	327.03
12.	2013-14	Income Tax Appellate Tribunal (ITAT)	NABARD	1.70	1.70
13.	2013-14	Income Tax Appellate Tribunal (ITAT)	IT Dept.	380.05	380.05
14.	2014-15	Income Tax Appellate Tribunal (ITAT)	IT Dept.	450.61	450.61
15.	2015-16	Income Tax Appellate Tribunal (ITAT)	IT Dept.	448.87	448.87
16.	2016-17	Commissioner of Income Tax (Appeals)	NABARD	407.23	407.23
17.	2017-18	Commissioner of Income Tax (Appeals)	NABARD	360.69	360.69

12. Free hold land and Lease Land and Premises include ₹14.00 crore (₹14.00 crore) paid towards Office Premises and Staff Quarters for which conveyance is yet to be completed.
13. 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.
14. 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 – 10 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.
15. As on the date of the financial statements, out of the disbursement extended to various State Governments under RIDF, ₹483.17 crore (₹438.65 crore) pertains to non-starter projects under ongoing Tranches (XX to XXV). 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.
16. In terms of Central Board of Direct Taxes, Ministry of Finance notification dated 18 February 2016, NABARD was allowed to raise tax free bonds having benefits under section 10(15)(iv)(h) of the Income Tax Act 1961 amounting to ₹5,000 crore. Accordingly, ₹1,500 crore repayable in 10 year tenure was mobilized through Private Placement and ₹3,500 crore repayable in 10 & 15 year tenure through public issue. The tax free bonds are in the nature of secured, redeemable and non-convertible bonds. These bonds are secured against pari passu charge on property situated in Mumbai and also first charge on specified book debts of NABARD. The interest charge to revenue pertaining to these bonds for the current year is ₹365.41 crore (₹365.94 crore).

The details of the debenture Trustee is as under:

Axis Trustee Services Limited,
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai - 400028
Telephone: +91 22 6230 0451

17. In terms of RBI Circular RBI/2015-16/104DBR. No.FID.FIC.3/01.02.00/2015-16 dated 01 July 2015 relating to Prudential Guidelines on Investment in Venture Capital Fund, an amount of ₹19.45 crore (₹42.38 crore) made in the units of VCF was shifted from HTM category, on completion of 3 years, to AFS category.

18. Investments in Government securities include the following securities pledged with Clearing Corporation of India Limited as collateral security for borrowings:

(Amount in ₹ crore)

Particulars	Face Value	Book Value
Pledged for Business Segment (Securities)	760.00 (750.00)	798.77 (783.15)
Pledged for Business Segment (CBLO / Tri Party Repo)	23111.05 (13252.00)	24895.54 (14091.46)
Pledged for Business Segment (Securities) Default Fund	50.00 (50.00)	52.21 (52.21)
Pledged for Business Segment (CBLO / Tri Party Repo) – Default Fund	50.00 (50.00)	52.21 (52.21)

19. Floating Provisions and Counter Cyclical Provision

(Amount in ₹ crore)

Sr. No.	Particulars	2020-21	2019-20
(a)	Opening balance in floating provision account (counter cyclical provisioning buffer)	514.44	14.44
(b)	The quantum of floating provisions made during the accounting year #	750.00	500.00
(c)	Amount of drawdown made during the accounting year	0.00	0.00
(d)	Closing balance in the floating provision account	1,264.44	514.44

The Board of Directors of the Bank decided to create floating provisions, in accordance with RBI guidelines, to be utilised for any unexpected or exceptional circumstances.

20. The disclosures required to be given by financial institutions pursuant to RBI Master Direction- Reserve Bank of India (Financial Statements of All India Financial Institutions – Presentation, Disclosure and Reporting Directions 2016) dated 23 June 2016 not being considered relevant for consolidated financial statements of the group and hence the same are not contained in the notes.
21. During the year, a new subsidiary viz. NABSanrakshan Trustee Private Limited, was formed under the Companies Act, 2013, which is fully owned by NABARD.
22. The financial statements of all the seven subsidiaries of NABARD are unaudited and consolidation thereof is prepared based on the numbers certified by the respective managements of these

subsidiaries. The audit of financial statements of all the seven subsidiaries were not complete till the date of signing of the consolidated financials due to the prevailing lockdown for Covid-19 pandemic.

Further, the difference between the unaudited numbers of subsidiaries considered in preparing consolidated financial statements of the group for FY 2019-20 and based on their audited financial statements for FY 2019-20 amounting to ₹168.12 crores is adjusted in Schedule 1 under the head “Reserve Fund”.

23. In accordance with the RBI notification dated 7 April 2021, the Group is required to refund/adjust ‘interest on interest’ charged to the borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020. During the year, the group has created a provision of ₹1.86 crores for refund/adjustment of Interest on Interest charged on loans during moratorium period.
24. In case of 3 subsidiaries, depreciation has been provided using Written Down Value method and is not adjusted in Consolidated Financial Statements as per Straight Line method. The impact of this on the consolidated financial statements is not material.
25. NABFINS extends loans to Self Help Groups under business & development correspondent model. A business and development correspondent based at Chittoor through which the company extended loans to groups committed a fraud against the company for an amount of ₹12.10 crores during the financial year 2015-2016. The company has initiated legal proceedings including filing FIR with police authorities, Chittoor District of Andhra Pradesh. The company has also lodged the insurance claim with insurance company. As on date the case is pending with the court of law.
26. During the year under review there was an embezzlement of cash by employees of NABFINS and certain business and development correspondents aggregating to ₹0.18 crore, of which ₹0.02 crore has been recovered and necessary provision has been made for the unrecovered amount as on 31 March 2021.
27. The movement in Contingent Liability as required in AS 29 “Provisions, Contingent Liabilities and Contingent Assets” is as under:

(Amount in ₹ crore)

<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
Opening Balance	25.57	25.02
Addition during the year	33.18	25.57
Deletion during the year	25.57	25.02
Closing Balance	33.18	25.57

28. Prior period items included in the Profit and Loss account are as follows:

(Amount in ₹ crore)

<i>Sr. No.</i>	<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
1.	Income	0.00	0.00
2.	Revenue Expenditure	0.00	0.00
	Total	0.00	0.00

29. Accounting Standard 18 – Related Party Disclosures

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) Key Management Personnel:

<i>Name of the party</i>	<i>Designation</i>
Dr. Harsh Kumar Bhanwala*	Chairman
Dr. G R Chintala (with effect from May 2020)	Chairman
Shri Shaji K V (with effect from May 2020)	Deputy Managing Director
Shri P V S Suryakumar (with effect from May 2020)	Deputy Managing Director
Shri Harishkumar Rasiklal Dave**	Deputy Managing Director
Shri R Amalorpavanathan**	Deputy Managing Director

* Dr. Harsh Kumar Bhanwala’s transactions are from April 2020 to May 2020.

** DMDs (HRD) and (RA) retired in April and May 2019 respectively.



b) Transactions with Key Management Personnel:

(Amount in ₹ crore)

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	0.13 (0.61)	0.00
Dr. G R Chintala	Key Management Personnel–Chairman	Remuneration including perquisites	0.63 (0.00)	0.00
Shri Shaji K V	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.59 (0.00)	0.00
Shri P V S Suryakumar	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.56 (0.00)	0.00
Shri Harishkumar Rasiklal Dave	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.00 (0.13)	0.00
Shri R Amalorpavanathan	Key Management Personnel–Deputy Managing Director	Remuneration including perquisites	0.00 (0.17)	0.00

*Dr. Harsh Kumar Bhanwala's transactions are from April 2020 to May 2020.

**DMDs (HRD) and (RA) retired in April and May 2019 respectively.

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.

30. Information on Business Segment

a) Brief Background

The Bank has recognised 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 organisations 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

(Amount in ₹ crore)

Particulars	Treasury		Refinance		Direct Lending		Other Business (unallocated)		Total	
	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20	2020–21	2019–20
Business Segments										
Revenue	3372.89	3867.07	15998.01	15096.98	15472.56	13906.85	164.72	133.28	35008.18	33004.28
Result	2061.34	2248.67	4005.34	2828.64	3425.10	2935.50	-3295.75	-2639.23	6196.03	5373.18
Unallocated Expenses									0.00	0.00
Operating Profit									6196.03	5373.18

<i>Particulars</i>	<i>Treasury</i>		<i>Refinance</i>		<i>Direct Lending</i>		<i>Other Business (unallocated)</i>		<i>Total</i>	
Income Taxes									-1794.94	-1415.45
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit									4401.09	3957.73
Other Information										
Segment Assets	48484.91	44693.36	312809.76	241001.39	293758.64	243503.42	3604.51	3432.52	658657.82	532630.69
Segment Liabilities	99432.66	68543.82	278469.69	219481.93	211455.87	183768.67	69299.60	60836.27	658657.82	532630.69
Unallocated Liabilities									0.00	0.00
Total Liabilities									658657.82	532630.69

(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.

As per our attached report of even date

For Khimji Kunverji & Co LLP
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh Dedhia
Partner
Membership No.: 033494

Mumbai
18 May 2021

U S Shevde
Chief General Manager
Accounts Department
Mumbai

Dr G R Chintala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director



NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
Consolidated Cash flow for the year ended 31 March 2021

(Amount in ₹ crore)

<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
(a) Cash flow from Operating activities		
Net Profit as per Profit and Loss a/c before tax	6,196.03	5,373.18
Adjustment for:		
Depreciation	50.67	37.21
Provisions and Amortisations	(0.36)	–
Provision for Non performing Assets	875.24	729.49
Provision for Standard Assets	1,448.42	696.89
Provision for sacrifice in interest element of Restructured Loan	–	–
(Profit) / Loss on sale of Fixed Assets	0.26	(0.28)
Interest credited to various Funds (including addition/ adjustment made to Interest Differential Fund)	387.47	370.71
Other Expenses	(8.67)	(0.02)
Income from Investment (including Discount Income)	(3,391.51)	(3,880.86)
Operating profit before changes in operating assets	5,557.55	3,326.32
Adjustment for changes in working capital:		
(Increase) / Decrease in Current Assets	7,697.95	(2,324.40)
Increase / (Decrease) in Current Liabilities	2,902.54	2,837.30
(Increase)/ Decrease in Loans and Advances (Including Housing Loan & Other Advances to Staff)	(1,23,709.26)	(51,182.41)
Cash generated from operating activities	(1,07,551.22)	(47,343.19)
Income Tax paid – Net of refund	(1,808.80)	(1,396.68)
(Out of above ₹149.28 crore paid on account of taxability of RIDF/ STCRC differential debited to Watershed Development / Tribal Development / Financial Inclusion Fund)	–	–
Net cash flow from operating activities (A)	(1,09,360.02)	(48,739.87)
(b) Cash flow from Investing activities		
Income from Investment (including Discount Income)	3,391.51	3,880.84
Purchase of Fixed Asset	(85.05)	(101.33)
Sale of Fixed Assets	1.37	38.25
Increase / Decrease in Investment	(11,994.01)	4,978.99
Net cash used in investing activities (B)	(8,686.18)	8,796.76
(c) Cash flow from financing activities		
Grants / contributions received	1,003.32	1,152.66
Interest Expense	(0.00)	–
Proceeds of Bonds	56,130.14	33,949.26
Increase / (Decrease) in Borrowings	55,056.53	(11,018.71)
Increase / (Decrease) in Deposits	5,109.02	12,316.42
Dividend Paid including Tax on Dividend	(0.10)	1,487.74
Increase in Share capital	1,065.65	162.32
Net cash raised from financing activities (C)	1,18,364.56	38,049.69

<i>Particulars</i>	<i>2020-21</i>	<i>2019-20</i>
Net increase in cash and cash equivalent (A)+(B)+(C)	318.36	(1,893.43)
Cash and Cash equivalent at the beginning of the year	1,162.05	3,055.48
Cash and cash equivalent at the end of the year	1,480.41	1,162.05

1. Cash and cash equivalent at the end of the year includes:	2020-21	2019-20
Cash in hand	0.00	0.00
Balance with Reserve Bank of India	843.23	621.20
Balances with other Banks in India	637.18	540.85
Remittances in Transit	–	–
Collateralised Borrowing and Lending Obligations	–	–
Total	1,480.41	1,162.05

Demand Deposits with Banks with an original maturity of more than 3 months are disclosed under Investments.

As per our attached report of even date

Khimji Kunverji & Co LLP
Chartered Accountants
FRN: 105146W/ W100621

Hasmukh Dedhia
Partner
Membership No.: 033494

U S Shevde
Chief General Manager
Accounts Department
Mumbai

Place: Mumbai
Date: 18 May 2021

Dr G R Chintala
Chairman

Shaji K V
Deputy Managing Director

P V S Suryakumar
Deputy Managing Director