

SHELF INFORMATION MEMORANDUM



National Bank for Agriculture and Rural Development

(Set up under an Act of Parliament - NABARD Act, 1981)

Regd. & Corporate Office: Plot No. C-24, 'G' Block, Bandra-Kurla Complex
Bandra (E), Mumbai -400 051

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**PRIVATE PLACEMENT OF REDEEMABLE NON-CONVERTIBLE BONDS
TO BE ISSUED UPTO 30 June 2006**

General Risk

Investment in debt instruments involves a degree of risk and investors should invest any funds in the issue only after reading the risk factors on page no. iii to page no. vi in the Information Memorandum carefully. For taking investment decision, investors must rely on their own examination of the Issuer and the issue including the risk involved. The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Issuer's Absolute Responsibility

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Listing

The Bonds of the Company are proposed to be listed on The Stock Exchange, Mumbai (BSE). This Shelf Information Memorandum is filed with the Stock Exchange, Mumbai.

Credit Rating

NABARD has obtained AAA rating from CRISIL and CARE in the past. CARE and CRISIL both has reaffirmed AAA rating for the debt programme of NABARD aggregating Rs. 16000 crores. This rating indicates highest degree of safety with regard to timely payment of interest and principal on the instrument. Bank shall also obtain rating from the rating agencies in future for its debt programme from time to time



BOND TRUSTEES

IDBI Trusteeship Services Ltd.
10th Floor, Nariman Bhavan, 227, Vinay K. Shah
Marg, Nariman Point,
Mumbai 400021
Tel.no.:56311771-3, Fax.no.:56311776

**PLACEMENT OPENING AND CLOSING DATES FOR EACH SERIES WILL BE INTIMATED
TO THE PROSPECTIVE INVESTORS INDIVIDUALLY**

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DEFINITIONS/ABBREVIATIONS USED

ACT:	The NABARD Act, 1981
BANK/NABARD	National Bank for Agriculture and Rural Development
BSE:	The Stock Exchange, Mumbai
CAR:	Capital Adequacy Ratio
CARE:	Credit Analysis and Research Limited
CDSL:	Central Depository Services Limited
ED:	Executive Director
FI:	Financial Institution
NAV:	Net Asset Value
NPA:	Non Performing Assets
NSDL:	National Securities Depository Limited
RBI:	Reserve Bank of India
SEBI:	Securities and Exchange Board of India
NRI	Non Resident Indian
FII	Foreign Institutional Investors
OCBs	Overseas Corporate Bodies

DISCLAIMER

This Private Placement Information Memorandum (hereinafter referred to as the **"Information Memorandum"**) is neither a Prospectus nor a Statement in lieu of Prospectus. The issue of Unsecured redeemable non-convertible taxable Priority/Non Priority sector bonds (hereinafter referred to as **"BONDS"**) to be listed on The Stock Exchange, Mumbai is being made strictly on a private placement basis. It does not constitute and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds. Apart from this Information Memorandum, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer nor is such a prospectus required to be registered under applicable laws. Accordingly, this Memorandum has neither been delivered for registration nor is it intended to be registered.

This Information Memorandum has been prepared to provide general information about the Issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the Bonds. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither this Information Memorandum nor any other information supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances. It is the responsibility of potential investors to also ensure that they will sell these Bonds in strict accordance with this Information Memorandum and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act 1956. Neither the Lead Managers, Arrangers nor any other intermediary or their agents or advisors associated with this Issue undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the Bonds of any information coming to the attention of the Arrangers or other intermediary.

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue and sale of the Bonds, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The Lead Managers to the Issue, Arrangers and other intermediaries and their agents or advisors associated with this Issue have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Lead Managers, Arrangers or any such intermediary as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer. Accordingly, the Lead Managers to the Issue, Arrangers and other intermediaries associated with this Issue shall have no liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Issue.

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RISK FACTORS

Internal Factors

(a) Redemption Reserve: Creation of Redemption Reserve is not envisaged for the proposed issue of Bonds. NABARD being a financial institution has been raising resources both from domestic market and overseas market in the form of unsecured borrowings. In respect of the monies borrowed from overseas markets, NABARD has agreed to create pari passu charge if any other lender is offered security on the assets of NABARD. Since the resources raised by NABARD are being utilised for the purpose of its business i.e. providing refinance and other facilities to Banking sector for agriculture and allied activities and NFS, the assets of NABARD are mostly in the form of loans and advances.

Proposal to address the risk

Hence it is proposed that the Bonds shall be unsecured in nature in that they shall not be secured against any asset of NABARD. NABARD has appointed a trustee to protect the interest of the investors.

(b) Credit Risk: The business of lending carries the risk of default by borrowers. Any term lending activity is exposed to credit risk arising from the risk of default by the borrowers. NABARD has put up a systematic credit evaluation process in place. A Credit Risk Monitoring Group (CRMG) has been set up at the Head Office to monitor the risk associated with lending. NABARD monitors the performance of its asset portfolio on a regular basis.

(c) Market Risk: Increased interest rate volatility exposes NABARD to market rate risk arising out of maturity/rate mismatches. Risk arising from interest rate volatility is inherent to the business of financial intermediation and term lending. This risk is minimised by active Asset Liability Management and efforts to match Duration of Assets and Liabilities and also through use of hedging mechanisms to moderate the market risk.

(d) Credit Rating: The Bank has obtained AAA rating from CRISIL and CARE in the past. CRISIL has assigned AAA rating for the proposed debt programme of NABARD aggregating Rs. 2000 crores. This rating indicates highest degree of safety with regard to timely payment of principal and interest on the instrument. Bank shall also obtain rating from the rating agencies in future for its debt programme from time to time.

Credit rating of the instruments, issued by NABARD in the past three years has been disclosed in this offer document.

Please note that rating is not a recommendation to buy, sell or hold securities and investors should take their own decision.

(e) Contingent Liabilities: As on March 31, 2005, NABARD had contingent liabilities of Rs. 105.30 crore. This contingent liability is on account of disputed claims for additional payments towards construction of premises and Income Tax matters in appeal.

(f) Pending Grievances : As on March 31, 2005 there is no pending investor grievance. Further no complaint was pending for more than 60 days.

(g) Non Performing Assets (NPA): The NPAs of NABARD formed 0.000004% of advances outstanding as on March 31, 2005. NABARD has not faced any problem of large non-performing assets.

(h) Asset concentration to few sectors: Large exposure to agricultural and rural sector shall be impacted by State and Central Government's policy on its reform process.

(i) Foreign Exchange Risk: To mitigate the impact of the forex fluctuation, NABARD has created Interest Differential Funds (IDF) as a part of the Agreement with KfW and Foreign Currency Risk Fund (FCRF) as a prudent measures. The entire forex exposure has been hedged.

External Factors

(a) Changes in Government policies may impact the performance of the agricultural and rural sector, which may in turn affect NABARD. NABARD has demonstrated remarkable resilience in adjusting to the changed environment and competition in the wake of the economic reforms initiated by the Government.

(b) Risk of Competition: Competition in the financial sector has increased and is likely to increase further with the entry of commercial banks and other new players in term lending. NABARD faces competition both in lending and in raising resources. While focusing attention on its core business of project financing and infrastructure financing in particular, NABARD has taken steps to diversify its operations in various other areas like co-financing, project consultancy (NABCONS) etc.

On the resource-raising front, NABARD has over the years strengthened its reach to retail segment through its issues of capital gain bonds marketed through its state offices, branch network of corresponding banks and other privately placed bonds through debt market intermediaries and also on its own.

(c) Development of the capital markets may lead to disintermediation by borrowers. With the development and maturing of the capital markets, there has been a distinct shift in the pattern of financing. However, it will be noteworthy that while a part of the financial requirement of the agricultural projects may be met by direct borrowing from the investors, a major portion will still need to be serviced by financial intermediaries. Consequent to the opening up of the economy, large requirements from the agricultural sector is coming up. Their large fund requirements are unlikely to be met by private investments alone. Accordingly, the requirement of funds both from lending institutions/banks and the capital market is likely to increase substantially.

General Risks

Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, the investor must rely on his/her own examination of the issuer and the issue including the risks involved. The Bonds have not been recommended or approved by BSE nor does BSE guarantee the accuracy or adequacy of this document.

Notes

The Bank would like to clarify that inspection by RBI is a regular exercise and is carried out periodically for all Banks and Financial Institutions. The reports of RBI are strictly confidential. RBI does not allow disclosure of its inspection report and that all the disclosures made in Shelf Information Memorandum are on the basis of management and audit reports of the Bank.

1. Allotment against all valid applications for the NABARD bonds will be made on a full and firm allotment basis.

2. The total assets of NABARD as on March 31, 2005 was Rs. 60779.82 crore

3. As on 31st March 2005, there has been no default in respect of loans given by NABARD to any institution with which any of the directors presently on the board of NABARD were associated during the last five years.

4. The financial information as contained in the Auditor's report including the notes to accounts and significant accounting policies have been duly certified by NABARD's auditors. As far as

possible, the audited numbers have taken for the purpose of this offer document. However, such other information, not contained in the auditor's report has been duly certified by the management.

HIGHLIGHTS

- NABARD has been set up under an Act of Parliament - NABARD Act, 1981
- Equity Capital base of Rs. 2,000 crore entirely owned by the Government of India and the Reserve Bank of India
- Total assets of Rs. 60780 crore as on March 31, 2005, out of which owned funds constitute Rs. 23510 crore
- Profit before tax of Rs1333 crore for the financial year ended March 31, 2005
- NPAs formed a negligible 0.00004% of Advances outstanding as on March 31, 05
- During the year 2004-05 CRISIL has assigned rating "**AAA**" (pronounced triple A with stable outlook) to these Bonds. This rating indicates highest safety.
- High Capital Adequacy ratio of 38.78% as against the RBI stipulation of 9% for Financial Institutions as on March 31, 2005

SUMMARY

I. OUTLOOK AND OPERATION OF NABARD

Agriculture sector has been poised for a transformation in the new economic order emerging out of globalisation and implementation of the Agreement on Agriculture (AoA) under the World Trade Organisation (WTO). To withstand the global competition, enhanced productivity and sustainability of the sector has become imperative. The increasing interdependence between agriculture and industry has led to the emergence of agro-processing enterprises as value additions for greater profitability. The support and role of institutional credit in this dynamic environment would, therefore, be of paramount importance.

Rural credit has always played a catalytic role in enhancing productivity and sustainability of agriculture. Various measures initiated by the GoI/ RBI and National Bank like, setting targets for agricultural lending, providing refinance to banks on reasonable terms, deregulating interest rates, etc., have helped in increasing the flow of credit to the agriculture and rural sector. However, over the years, the credit needs of agriculture are on the rise on account of increasing diversification and commercialization of agriculture, rising costs of inputs and extension services, risk mitigating costs, increasing cropping intensity, etc. Demand for marketing credit has also been increasing with increase in the marketable surplus. Further, post harvest handling, processing, storage and value additions are becoming capital-intensive, requiring additional investment through credit support.

National Bank looks forward to redesigning its strategies for satisfactory accomplishment of future tasks. This largely depends on factors like, mobilization of required resources, expanding prospective avenues of business, acquiring necessary skills, quality lending, etc. Various legal, structural and governance issues have rendered many of the RFIs, particularly co-operative banks financially weak. Against the background of the estimated rural credit flow of Rs.7,36,570 crore during the Tenth Five Year Plan period and the adoption of improved technologies, a greater infusion of capital resources would be necessary. These investments must be induced to make the agriculture enterprise profitable through a multi-pronged strategy by providing incentives to the producers for adoption of new technologies. RFIs would need greater financial and technical support for investing in irrigation structures, land development, farm mechanization, animal husbandry, plantation and horticulture, bio-technology, cold storages, value adding enterprises and marketing to improve the productivity and profitability in agriculture. Major policy initiatives may be needed to fully exploit the emerging opportunities.

OPERATIONS OF NABARD

NABARD is an apex institution, accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India.

NABARD's refinance is available to State Co-operative Agriculture and Rural Development Banks (SCARDBs), State Co-operative Banks (SCBs), Regional Rural Banks (RRBs), Commercial Banks (CBs) and other financial institutions approved by RBI. While the ultimate beneficiaries of investment credit can be individuals, partnership concerns, companies, State-owned corporations or co-operative societies, production credit is generally given to individuals.

Types of Refinance Facilities

Agency	Credit Facilities
Commercial Banks	<ul style="list-style-type: none">• Long-term credit for investment purposes• Financing the working capital requirements of

	Weavers' Co-operative Societies (WCS) & State Handloom Development Corporations
Short-term Co-operative Structure (State Co-operative Banks, District Central Co-operative Banks, Primary Agricultural Credit Societies)	<ul style="list-style-type: none"> • Short-term (crop and other loans) • Medium-term (conversion) loans • Term loans for investment purposes • Financing WCS for production and marketing purposes • Financing State Handloom Development Corporations for working capital by State Co-operative Banks
Long-term Co-operative Structure (State Co-operative Agriculture and Rural Development Banks, Primary Co-operative Agriculture and Rural Development Banks)	<ul style="list-style-type: none"> • Term loans for investment purposes
Regional Rural Banks (RRBs)	<ul style="list-style-type: none"> • Short-term (crop and other loans) • Term loans for investment purposes
State Governments	<ul style="list-style-type: none"> • Long-term loans for equity participation in co-operatives • Rural Infrastructure Development Fund (RIDF) loans for infrastructure projects
Non-Governmental Organisations (NGOs) - Informal Credit Delivery System	<ul style="list-style-type: none"> • Revolving Fund Assistance for various micro-credit delivery innovations and promotional projects under 'Credit and Financial Services Fund' (CFSF) and 'Rural Promotion Corpus Fund' (RPCF) respectively

A. Production Credit

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

I Seasonal Agricultural Operations (SAO) - covers such activities as are undertaken in the process of raising various crops and are seasonally recurring in nature. The activities include among others, ploughing and preparing land for sowing, weeding, transplantation where necessary, acquiring and applying inputs such as seeds, fertilisers etc., and labour for all operations in the fields for raising and harvesting the crops.

II Financing of Weavers- NABARD provides refinance facilities to SCBs/DCCBs for financing the production/procurement/marketing requirements of Primary Weavers' Cooperative Societies (PWCS) and Apex/Regional Weavers' societies. While a major chunk of refinance at present flows to weavers in the cooperative fold, NABARD also provides refinance to Commercial Banks and State Cooperative banks for financing State Handloom Development Corporations (SHDCs) to benefit the weavers outside the Cooperative fold.

III. Financing of Other than Seasonal Agricultural Operations (OSAO) of RRBs

NABARD provides refinance to RRBs for financing production and marketing activities of artisans (including handloom weavers) and village/cottage/tiny sector industries as also for financing persons belonging to weaker sections and engaged in trade/business/service.

IV. Refinance for Marketing of Crops

In order to enable the farmers to hold on to produce with a view to having opportunity to get remunerative price for their produce, short term refinance from NABARD is available to State Cooperative Banks on behalf of DCCBs.

Advances permitted against pledge of agricultural produce or outright purchase of agricultural produce of cultivators by processing/marketing societies. Under this facility, 100% refinance is available against loans extended to societies/cultivators by DCCBs.

V. Refinance for procurement, stocking and distribution of Chemical fertilisers

NABARD provides refinance to State Cooperative banks for (i) procurement, stocking and wholesale distribution by Apex societies and (ii) retail distribution of fertiliser to farmers.

B. Conversion Assistance in case of natural calamity

NABARD provides Medium Term credit limits to SCBs (on behalf of DCCBs) and RRBs for conversion of ST(SAO) loans due to crop damage by natural calamity. NABARD share in base level conversion effected by Cooperatives at 60% (III tier structure)/ 70% (II Tier structure) and 70% in case of RRBs.

C. Long term loans to State Governments

NABARD provides long term loans to state governments for contribution to the share capital of cooperative credit institutions SCBs / DCCBs / SCARDBs / PCARDBs / PACS/FSS / LAMPS subject to certain conditions. The objective is to strengthen share capital base of cooperative credit institutions and thereby increase their maximum borrowing power to enable them to undertake larger lending programmes.

D. Financing of State Handicrafts Development Corporations (SHnDCs)

NABARD provides refinance facilities to SCBs/Scheduled Commercial Banks for financing the working capital requirements of SHnDCs.

E. Financing of Industrial Cooperative Societies (other than Weavers), labour contract & Forest labour Cooperative Societies and rural Artisan members of PACS/FSS/LAMPS

F. Medium-term (Non-Schematic) to SCBs and RRBs

NABARD provides Medium Term (Non-Schematic) credit limits to SCBs (on behalf of DCCBs) and RRBs for financing approved agricultural investment purposes

OPERATING HIGHLIGHTS

Kisan Credit Card Scheme

- During the year 2003-2004, 92.25 lakh cards were issued by co-operative banks, RRBs and commercial banks.
- Since inception in 1998-99, up to the year 2003-04, 413.79 Crore cards issued.

Rural Infrastructure Development Fund (RIDF)

- GoI announced Rs 8000 crore for RIDF-X.
- As at the end of March 2004, sanctions under all the tranches of RIDF amounted to Rs 34678.07 crore against which the disbursements were Rs.21067.17 crore.

Micro Finance

- During 2004-05, 5,18,713 new SHGs were financed during the year by the banks under SHG-Bank linkage programme.

- Cumulatively, till 31 March 2005, 15,97,803 SHGs were provided bank loan and benefiting an estimated 200 lakh poor households.

More than 90 per cent of the SHGs linked to banks were exclusive women SHGs.

Resource Management

NABARD's principal sources of funds have been (i) borrowing from the Government, (ii) borrowing by way of Government guaranteed SLR bonds, (iii) private placement of secured/unsecured bonds, (iv) market related borrowings, (v) internal generation.

FLOW OF CREDIT TO AGRICULTURE DURING 2004-05

Credit to agriculture and allied sectors by all agencies amounted to **Rs. 1,15,242.81 crore (provisional)** as on 31 March 2005 forming 109.76% of the targeted credit flow of Rs.105,000 crores to agriculture sector.

The Agency wise share in credit flow is as under -

(Rs. in Crore)

Agency	Target set by GoI for 2004-05	Disbursement upto 31.03.2005	% Col. 3 to Col. 2
1	2	3	4
Comm. Banks (Public and Private Sector)	57,000	72,886.26@	127.87%
Coop. Banks	39,000	30,638.38	78.56%
Regional Rural Banks	8,500	11,718.17	137.86%
Total	1,04,500 (rounded off to 1,05,000)	1,15,242.81	109.76%

@ Public Sector CBs - Rs. 64609.94 crore

Pvt. Sector CBs (upto Feb 2005) - Rs. 8276.32 crore

There has been a growth of 32% in credit flow in 2004-05 over the actual disbursement of Rs. 86,981 crore during 2003-04.

Growth in agriculture credit during 2004-05

Commercial Banks have recorded a growth of 39% and RRBs have recorded 55% growth in agricultural credit over their actual disbursements over 2003-04. Cooperative Banks have recorded a growth of 14% over disbursements of the previous year. The agency wise performance is as follows -

(Rs. In Crore)

Agency	Disbursement during 2003-04	Disbursement during 2004-05	% Growth
Commercial Banks (Public and Private)	52,441	72,886.26	39%
Coop. Banks	26,959	30,638.38	14%
RRBs	7,581	11,718.17	55%
Total	86,981	1,15,242.81	32%

- **Financing new farmers**

Around 66.32 lakh new farmers have been financed by Commercial Banks and RRBs as against a target of 50 lakh. Also, Cooperative banks have financed around 12.52 lakh new farmers, taking the total number of new farmers financed during the year to 78.84 lakh.

Loans granted to tenant farmers, oral lessees & share croppers was of the order Rs. 360 crore, which forms 1.65% of total lending to new farmers.

Public Sector Commercial Banks have financed 45.50 lakh new farmers during the year and have disbursed Rs. 21,875 crore to new farmers, which forms around 34% of the their total disbursements. Private Sector Commercial Banks have financed 2.24 lakh new farmers.

(Numbers in lakh)

Agency	Target	Achievement	% achievement as on 31 January 2005
CBs(both public and private sector banks)	35	47.74	136.4%
RRBs	15	18.58	123.87%
Overall	50	66.32	132.64%
Cooperatives	--	12.52	-

- **Financing agri- clinics**

A total of 777 agri clinics were financed during the year. Although this fell far short of the target set for the year, it has shown an impressive growth compared to the previous years. The financing of agri- clinics during 2004-05 by various agencies as follows:

Agency	No. of agri clinics financed
Commercial Banks	542
RRBs	230
Cooperative Banks	5
TOTAL	777

- **Debt relief to farmers**

An amount of Rs. 11,710.44 crore has been provided as debt relief by all agencies as on 31 March, 2005. The data pertaining to restructuring of loans to farmers in distress/ arrears is represented in the table given below:

(Rs. in Crore)

Agency	Farmers in Distress		Farmers in Arrears		OTS	
	No. Of A/c	Amount	No. Of A/c	Amount	No. Of A/c	Amount
Com. Banks	12,26,072	3,987.50	2,99,000	939.53	1,17,009	271.60
Coops		3,447.04		1,007.78		220.88
RRBs		1,372.94		198.82		264.35
Total		8,807.48 (75%)		2,146.13 (18%)		756.83 (7%)

Commercial Banks have extended loans to 16,758 farmers indebted to informal sources like money lenders to redeem their debts with them and provided about Rs. 57 crores upto 31 March, 2005.

- Agricultural Credit to the Eastern and North Eastern Regions

A significant increase has been recorded in the share of credit in the Eastern & North Eastern regions, which together accounted for 8.62 % of the total lending. During 2003-04, the

agricultural credit flow by Cooperative Banks & RRBs in the Eastern & North eastern regions amounted to Rs. 2,304.84 and these two Regions accounted for only 6.67% of total lending by these Banks. During 2004-05, there has been a growth of Rs. 1347.85 cr recording a growth of about 58%.

- Lending to Self Help Groups

Total number of SHGs credit linked during 2004-05 was 5.19 lakh (provisional) as against a target of 2 lakh assigned by GOI, taking the total number of SHGs linked to banks so far to 15.98 lakh.

SHG Bank linkage during 2004-05

Particulars	Cumulative progress as on 31 March 2004	Progress during 2004-05 (as on 31 March 2005)	Cumulative progress as on 31 March 2005
No.of SHGs provided with Bank Loan	1,079,091	518,713	15,97,807
No.of SHGs refinanced	611,043	213,845	824,888
Bank loan disbursed	Rs. 3,904.21 crore	Rs.2962.38 crore	Rs. 6866.59 crore
Refinance disbursed	Rs. 2,124.24 crore	Rs.968.19 crore	Rs.3092.43 crore

OFFERING DETAILS IN BRIEF

The Executive Committee of the Board of Directors of NABARD in its Eighty Second Meeting held on 31st March, 2005 has authorised issuance of these Bonds during Financial Year 2005-06 at appropriate rate of Interest. The funds raised through this Issue would be used for funding loans and advances to eligible institutions, exclusively for financing agriculture/allied activities and non-farm sector under section 25 (1) (a) of NABARD Act, 1981.

SUMMARY OF OPERATIONS

(Rs. in crore)

Particulars		Year ended	Year ended
		31-03-2005	31-03-2004
1	Net Income from Operations	3814.07	4195.09
2	Other Income	21.14	19.90
3	Total Expenditure		
	a) Staff Cost	260.84	262.33
	b) Other Expenditure	102.01	92.48
4	Interest Expenses	2113.59	2369.60
5	Depreciation	26.15	30.15
6	Gross Surplus before taxation (1+2-3-4-5)	1332.62	1460.43
7	Provision for Taxation	299.20	338.60
8	Surplus after Taxation (6-7)	1033.42	1121.83
9	Contribution to NRC Funds and Special Reserve u/s 36(1)(viii) of IT Act, 1961 #	666.00	749.00
10	Surplus after contribution to NRC Funds and Special Reserve	449.57	389.97
11	Paid-up Capital	2000.00	2000.00
12	Reserves (excluding revaluation reserve)		
	a) General Reserve	3356.55	3166.35
	b) Other Reserves	2842.39	2124.55
	c) National Rural Credit Funds	14663.00	14570.00

There is no outside obligation on these Funds.

II GENERAL INFORMATION

Shelf Information Memorandum for Private Placement of Unsecured Redeemable Non-Convertible Bonds of Rs.10,00,000/- each for cash at par by NABARD.

National Bank for Agriculture and Rural Development

(Set up under an Act of Parliament - NABARD Act, 1981)

Registered & Corporate Office:

Plot No. C-24,
'G' Block, Bandra-Kurla Complex
Bandra (E), Mumbai -400 051

The Board of Directors

The Board of Directors of NABARD as on the date of this Information Memorandum consists of:

S.No.	Name	Designation
1	Smt Ranjana Kumar	Chairperson
2	Shri V Leeladhar	Director
3	Smt Radha Singh	Director
4	Shri M shankar	Director
5	Dr Vijay S Madan	Director
6	Dr P Raghavan	Director
7	Shri Om Prakash	Director
8	Shri Gautam Buddha Mukherji	Director
9	Shri Y S P Thorat	Managing Director

Brief profile of Chairman, Managing Director and Whole-time Directors:

- Smt Ranjana Kumar : Chairperson

Compliance Officer

Shri Y. N. Gupta
Chief General Manager
Resources Mobilisation Department, D wing
Plot NO. C-24, G-Block, Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
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Fax: (022) 26530099
E-Mail: nabrmd@vsnl.net

The Investor may contact the compliance officer in case of any pre-issue / post –issue related problems such as non-receipt of Bond credits / refund orders.

Name and address of Auditors, Bond Trustees

M/s Sharp & Tannan. Ravindra Annexe, 194 Churchgate Reclamation, Dinshaw Vachha Road Mumbai 400020	IDBI Trusteeship Services Ltd. 10 th Floor, Nariman Bhavan, 227, Vinay K. Shah Marg, Nariman Point, Mumbai 400021 Tel.no.:56311771-3, Fax.no.:56311776
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CREDIT RATING

NABARD has obtained AAA rating from CRISIL and CARE in the past. CRISIL has vide its letter dated 10th February 2005 assigned AAA/Stable rating for the debt programme of NABARD aggregating Rs. 2000 crores. This rating indicates highest degree of safety with regard to timely payment of interest and principal on the instrument. Bank shall also obtain rating from the rating agencies in future for its debt programme from time to time.

Details of prior Ratings obtained in the Last Three Years

Borrowing Programme (Rs. in crores)	Date of Rating Letter	Rating Agency	Rating Assigned
1000.00	2002-2003	CRISIL	AAA/Stable
2000.00	15.07.2003	CARE	AAA
2000.00	23.02.2004	CARE	AAA
2000.00	19.10.2004	CRISIL	AAA/Stable
2000.00	10.02.2005	CRISIL	AAA/Stable

Underwriting

The details of issue if underwritten will be informed seperately.

III. CAPITAL STRUCTURE OF THE COMPANY

	Amount (Rs. Crs.)
A. Authorised Capital	5000.00
B. Issued Subscribed and Paid-up Capital	2000.00
C. Paid Up Capital after the present issue	2000.00
D. Share Premium Account (before and after issue)	NIL

Entire Capital of NABARD is held by the Govt. of India and RBI. The Govt. of India holds 27.5% while RBI holds 72.5% of the Capital of the company.

Capital History

Government of India and Reserve Bank of India sponsored NABARD. The details of Capital History are as under:

(Rs in crore)

Year	Authorised Capital	Paid-up Capital	Share of RBI. (%)	Share of GOI. (%)	Remarks
1982-83 To 1992-93	500	100	50	50	
1993-94	500	120	50	50	
1994-95	500	330	50	50	
1995-96	500	500	50	50	
1996-97	500	1000 *	65	35	Additional Rs 500 crore was brought in (RBI-Rs 400 crore GoI- Rs 100 crore)
1997-98	500	1500 *	70	30	Additional Rs 500 crore was brought in (RBI-Rs 400 crore GoI- Rs 100 crore)
1998-99	500	2000 *	72.5	27.5	Additional Rs 500 crore was brought in (RBI-Rs 400 crore GoI- Rs 100 crore)
1999-2000	500	2,000 *	72.5	27.5	
2000-2001	500	2,000 *	72.5	27.5	
2001-2002	5,000	2,000	72.5	27.5	Act amended.
2002-2003	5,000	2,000	72.5	27.5	
2003-2004	5000	2000	72.5	27.5	
2004-2005	5000	2000	72.5	27.5	

* Authorised Share Capital increased from Rs 500 crore to Rs 5000 crore in 1996-97 .Pending GoI notification for changing the Act, the additional amount of capital was shown as 'advances received from RBI/GOI against share capital' till the year 2000-01. The amount was included in the paid up capital w e f 2001-02

Details regarding Capital holders

Top Ten Capital holders as on date of filing of the Shelf Information Memorandum with The Stock Exchange, Mumbai.

Sr. No.	Name of the Capitalholder	Capital Held (Amount)	% Stake In Total
1.	Government of India	Rs. 550 Crs	27.5
2.	Reserve Bank of India	Rs. 1450 Crs	72.5

Top Ten Capital holders as on (two year prior to the date of filing the Shelf Information Memorandum)

Sr. No.	Name of the Capitalholder	Capital Held (Amount)	% Stake In Total
1.	Government of India	Rs. 550 Crs	27.5
2.	Reserve Bank of India	Rs. 1450 Crs	72.5

Top Ten Capital holders as on ten days prior to filing of the Shelf Information Memorandum with The Stock Exchange, Mumbai

Sr. No.	Name of the Capitalholder	Capital Held (Amount)	% Stake In Total
1.	Government of India	Rs. 550 Crs	27.5
2.	Reserve Bank of India	Rs. 1450 Crs	72.5

Whole of the Capital of NABARD is held by Govt. of India and RBI. NABARD was set up under an act of Parliament. Hence, the requirement of details regarding the promoters is not applicable in this case.

IV OBJECTS OF THE ISSUE

The funds raised through this Issue would be used for funding loans and advances to eligible institutions, exclusively for financing agriculture/allied activities and non-farm sector under section 25 (1) (a) of NABARD Act, 1981.

V BASIC TERMS OF THE PRESENT ISSUE

Terms of the each Series of issue would be given separately as Term Sheet / Addendum to this Shelf Information Memorandum. The Term Sheet / Addendum shall form a part of this Self-Information Memorandum.

The Terms and Conditions pertaining to the issue for Private Placement of Bonds under this Information Memorandum is at the sole discretion of the Company. Participation and subscription is subject to the completion of the application form and submission of relevant documents along with the subscription money and allotment is at the discretion of the Company.

VI BASIS FOR ISSUE PRICE

This issue being a debt issue, the price / coupon rates will be determined taking market rates into consideration.

VII. TAX BENEFITS

To the Issuer:

There is no additional benefit arising to the Issuer under the Income Tax Act 1961 by issue of Unsecured Redeemable Non Convertible Bonds, except as provided in the Income Tax Act 1961.

To the Bondholders:

(1) Under Income Tax Act, 1961

(a) To Resident Indian Bond Holders:

(i) Tax Deduction at Source :

No Income tax will be deducted at source from interest payable on Bonds in the following cases:

- Where the Bond holder (not being a company or a firm) submits a declaration (wherever applicable) in the prescribed form and verified in the prescribed manner.
- Where on application by any Bond holder, the Assessing Officer issues a certificate that the total income of the Bond holder justifies no deduction as per the provisions of section 197(1) of the Income Tax Act.
- Where the payment of interest on Bonds to resident individual Bond holder in the aggregate during the financial year does not exceed Rs.2,500.

- In all other situations, tax would be deducted at source on each payment as per prevailing provisions of the Income-Tax Act, 1961.

(ii) Capital Gains :

The difference between the sale price on transfer and the cost of acquisition of the Bonds held by a Bond holder as a capital asset, will be treated as long term capital gain / loss in the hands of the investor, provided that such Bonds was held for a continuous period of more than twelve months. It may be noted that the Bonds under consideration, being debt instruments, will not have the benefit of cost indexation. Such long-term capital gain shall suffer income tax at 10% (plus applicable surcharge and education cess) based on current rates of Income Tax in force.

Investors who wish to avail of the exemption from tax on long term capital gains on transfer of capital asset as provided in sections 54EC, 54ED or 54F, may do so subject to the conditions as prescribed in those sections. Moreover, Bonds holders are advised to consult their tax advisors in this matter.

(b) To Other Eligible Institutions:

Mutual fund registered under the SEBI Act, 1992 or regulations made thereunder or such other mutual fund set up by a public sector bank or a public financial institution or authorized by RBI and notified by the Central Government will, subject to the provisions of Chapter XII-E be exempt from income tax on all its income, including income from investments in Bonds under the provisions of section 10(23D) of the Income Tax Act, 1961.

(2) Under Wealth Tax Act, 1957

Wealth-tax is not levied on investment in Bonds of the company under the Wealth-tax Act, 1957.

Note to Tax benefits:

This is a summary only and not a complete analysis or listing of all potential tax consequences for the purpose, ownership and disposal of the Bonds. The statements made above are based on the laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

VIII ISSUER PROFILE

Brief History, Incorporation and Background

RBI, at the instance of Government of India (GOI) appointed a Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) in 1979. The CRAFICARD reviewed the need of integrating short-term, medium-term and long-term agriculture credit structure. The CRAFICARD recommended the establishment of National Bank for Agriculture and Rural Development (NABARD).

National Bank for Agriculture and Rural Development Act, 1981 was passed by the Indian Parliament and NABARD was established on 12 July 1982 with an initial capital of Rs. 100 crore. The capital is enhanced to Rs.2000 crore subscribed by Govt. of India and Reserve Bank of India

NABARD is an apex institution, accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India.

Main Objects:

NABARD is established as a development Bank, in terms of the Preamble of the Act, "for providing and regulating Credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas and for matters connected therewith or incidental thereto."

NABARD:

- (i) serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas;
- (ii) takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc. ;
- (iii) co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation; and
- (iv) undertakes monitoring and evaluation of projects refinanced by it.

NABARD's refinance is available to State Co-operative Agriculture and Rural Development Banks (SCARDBs), State Co-operative Banks (SCBs), Regional Rural Banks (RRBs), Commercial Banks (CBs) and other financial institutions approved by RBI. While the ultimate beneficiaries of investment credit can be individuals, partnership concerns, companies, State-owned corporations or co-operative societies, production credit is generally given to individuals.

NABARD operates throughout the country through its 28 Regional Offices and one Sub-office, located in the capitals of all the states/union territories. It has 336 District Offices across the country, one Sub-office at Port Blair and one special Cell at Srinagar. It also has 6 training establishments.

Capital holding Pattern:

The Capital holding pattern of the Issuer as on as on date of filing of Shelf Information Memorandum with BSE is as follows:

Sr. No.	Name of the Capitalholder	Capital Held (Amount)	% Stake In Total
1.	Govt. of India	Rs. 550 Crs	27.5
2.	Reserve Bank of India	Rs. 1450 Crs	72.5

Subsidiaries of the Issuer

Brief Overview of the Business (To be furnished by NABARD)

(a) Agriculture Development Finance (TN) Ltd. – Chennai (ADFT)

Board of Directors

	Names of the Directors	Remarks
Agriculture Development Finance (TN) Ltd. - Chennai 3rd Floor NABARD, R.O. Building No. 48, M.G. Road, Nungambakkam, Chennai-600034 Ph.(044) 28270138 Fax No. (044) 52138700	Dr R Balakrishnan	NABARD nominee appointed under Article 119 of AoA
	Dr Prakash Bakshi	NABARD nominee appointed under Article 119 of AoA
	Dr R Baskaran, IAS	State Govt. representative under Article 119 of AoA
	Shri C Gajapathi Rajan	Indian Bank representative under Article 119 of AoA
	Shri K S R Murthy, (MD)	NABARD nominee appointed as MD under Article 155 of AoA

Equity Structure of ADFT as on 31.03.2005

(Rs. In Lakhs)	
Particulars	ADFT, Chennai
Date of incorporation	14.02.1997
A) Public Sector	
i) NABARD	520.00
ii) State Govt.	180.00
iii) Canara Bank	40.00
iv) Indian Bank	100.00
v) Indian Overseas Bank	38.00
vi) Andhra Bank	-
Sub-Total	878.00
B) Private Sector	
I) Institutions	
i) Banks	80.00*
ii) Companies	24.52
II) Individuals	15.48
Sub-Total	120.00
GRAND TOTAL	998.00

Comparative Business Indicator of ADFT for last 3 years

(Rs. in lakh)

Particulars	31.03.03	31.03.04	31.03.05
Issued Capital	2000.00	2000.00	2000.00
Paid up Capital	998.00	998.00	998.00
Reserves	60.80	64.61	34.13
NABARD Refinance outstanding	Nil	Nil	Nil
Investments in banks	637.50	44.20	51.61
Loan outstanding			
i) Term Loans	954.30	618.51	515.38
ii) Working Capital Loans	Nil	Nil	Nil
Income	49.38	51.10	42.43
Expenditure	26.11	44.38	72.21
Operating Profit	13.27	6.71	(29.79)
Profit before tax	-13.71	5.82	(30.50)
Provision for tax	-4.11	0.11	0.02
Profit after tax	-17.82	5.93	(30.47)
Provision for NPAs	36.98	385.67	413.72

(b) Agriculture Business Finance (AP) Ltd. – Hyderabad (ABFL)

Board of Directors

	Names of the Directors	Remarks
Agriculture Business Finance (AP) Ltd., - Hyderabad	Dr. Harishchandra Prasad – Chairman	Appointed under article 141 of AoA
Deccan Chambers 1 Somajiguda Hyderabad - 500 082 Ph - 91-40-3302617 Fax No.	Shri M. Jaishankar, (MD)	NABARD nominee appointed as MD under article 155 of AoA
	Dr. K.G. Karmakar	NABARD nominee appointed under article 119 of AoA
	Shri J.R. Sarangal	NABARD nominee under article 119 of AoA
	Shri A.L. Nageswara Rao	Andhra Bank nominee appointed under article 119 of AoA

Equity Structure of ABFL as on 31.03.2005

(Rs. in lakhs)

Particulars	ABFL, Hyderabad
Date of incorporation	14.02.1997
A) Public Sector	
i) NABARD	520.00
ii) State Govt.	200.00

iii) Canara Bank	40.00
iv) Indian Bank	-
v) Indian Overseas Bank	-
vi) Andhra Bank	200.00
Sub-Total	960.00
B) Private Sector	
I) Institutions	
i) Banks	50.00**
ii) Companies	74.00
II) Individuals	3.36
Sub-Total	127.36
GRAND TOTAL	1087.36

Comparative Business Indicator of ABFL for last 3 years

(Rs. in lakh)

Particulars	31.03.03	31.03.04	31.03.05
Issued Capital	2000.00	2000.00	2000.00
Paid up Capital	1087.36	1087.36	1087.36
Reserves	47.54	(5.54)	(14.69)
NABARD Refinance outstanding	225.55	135.70	0.00
Investments in Banks	110.08	110.07	100.04
Loan outstanding:-			
i) Term Loans	1282.67	1331.96	1181.46
ii) Working Capital Loans	185.31	39.63	11.52
Income	84.22	85.78	57.78
Expenditure	73.12	167.71	71.38
Operating Profit	11.10	81.93	13.60
Profit before tax	9.94	82.84	14.30
Provision for tax	3.70	0.04	4.03
Profit after tax	-49.52	82.87	18.33
Provision for NPAs	88.14	82.49	25.50

(c) Karnataka Agri Development Finance Company Ltd. – (KADFC)

Board of Directors

	Names of the Directors	Remarks

Karnataka Agri Development Finance Co. Ltd . C/O. NABARD Gr. Floor, Jeevan Prakash Annex, No.113/1 J.C. Road Bangalore - 560 002 Ph.2124291	Shri M.N. Manjunathan (MD)	NABARD nominee appointed as MD under article 155 of AoA NABARD nominee appointed under article 119 of AoA. NABARD representative appointed under article 119 of AoA. Canara Bank representative under article 119 of AoA State Govt. representative under article 119 of AoA.
	Shri S.S. Acharya	
	Shri B.B. Mohanty	
	Shri M. Gokuldas	
	Shri A.K. Agarwal, IAS	

Equity Structure of KADFC as on 31.03.2005

(Rs. in lakhs)

Particulars	KADFC, Bangalore
Date of incorporation	25.02.1997
A) Public Sector	
i) NABARD	520.00
ii) State Govt.	36.00
iii) Canara Bank	40.00
iv) Indian Bank	-
v) Indian Overseas Bank	-
vi) Andhra Bank	-
Sub-Total	596.00
B) Private Sector	
I) Institutions	
i) Banks	35.00@
ii) Companies	-
II) Individuals	(Rs.70.00 only)
Sub-Total	35.00
GRAND TOTAL	631.00

Comparative Business Indicator of KADFC for last 3 years

(Rs. in lakh)

Particulars	31.03.03	31.03.04	31.03.05
Issued Capital	2000.00	2000.00	2000.00
Paid up Capital	631.00	631.00	631.00
Reserves	167.54	192.64	218.77
Investments in banks	764.30	799.54	826.16
Income	73.06	48.77	51.10
Expenditure	10.62	9.32	9.13
Operating Profit	62.44	39.64	41.79
Profit before tax	62.44	39.64	41.98
Provision for tax	23.60	14.55	15.85
Profit after tax	38.84	25.09	26.13

IX. MANAGEMENT

The Board

The general superintendence, direction and management of the affairs and business of the National Bank shall vest in a Board of Directors, which shall exercise all powers and do all acts and things, which may be exercised or done by the National Bank. Subject to the provisions of this Act, the Board in discharging its functions, shall act on business principles with due regard to public interest. Subject to the provisions of sub-section (1) and save as otherwise provided in the regulations made under this Act, the Managing Director shall also have powers of general superintendence, direction and management of the affairs and business of the National Bank and may also exercise all powers and do all acts and things which may be exercised or done by the National Bank.

Board of Directors of the Issuer

Position as on 31 March 2005

Name	Tenure		Age (Yrs)	Qualification	Other Directorship/ Membership
	From	To			
Smt Ranjana Kumar	21.11.03	31.12.2005	59	BA (Gold Medalist)	<ol style="list-style-type: none"> 1. Director, NCDEX Ltd 2. Director, DICGC Ltd 3. Director, AFC Ltd 4. Permanent Invitee, Advisory Committee on flow of credit to agriculture and related activities from the bank system, RBI 5. Member, Governing Council, BIRD 6. Member, Governing Body of EDI, IDBI
Shri V Leeladhar	28.09.04	Not specified	59	BSc (Chemical Engineering); Fellow, Indian Institute of Bankers; Certificate Course in Industrial Finance, IIB	<ol style="list-style-type: none"> 1. DG, RBI 2. Director, National Housing Bank
Smt Radha Singh	29.02.04	Not specified	58	MA, MBA	<ol style="list-style-type: none"> 1. Secretary, Department of Agriculture and Cooperation, GoI
Shri M shankar	03.10.02	Not specified	59	MSc	<ol style="list-style-type: none"> 1. Secretary (RD), GoI
Dr Vijay S Madan	21.02.03	20.02.2006	48	MBBS	<ol style="list-style-type: none"> 1. Development Commissioner, Govt of Goa 2. Member, Goa Watershed Society

Dr P Raghavan	26.12.03	20.02.2006	57	MA, PhD	<ol style="list-style-type: none"> 1. APC, Government of Chhattisgarh 2. Director, Indira Gandhi Agriculture University 3. Director, Marketing/ Mandi Board 4. Authorised Officer, Markfed 5. Member, Board of SCB and SLDB 6. Principal Secretary, Agriculture, Fisheries and Veterinary
Shri Om Prakash	28.05.04	27.05.2007	42	MSc, MPhil (Theoretical Physics)	<ol style="list-style-type: none"> 1. Secretary, Agriculture Department Government of Uttaranchal 2. Director, Uttaranchal Seeds and Tarai Development Corporation
Shri Gautam Buddha Mukherji	01.08.04	27.05.2007	54	BSc - Physics (Hons), LLB, Diploma in Social Development	<ol style="list-style-type: none"> 1. APC - cum – Additional Chief Secretary, Government of Orissa 2. Principal Secretary, Forest and Environment Department, Government of Orissa
Shri Y S P Thorat	17.03.04	30.11.2007	57	BA (Political Science), LLB, CAIIB	<ol style="list-style-type: none"> 1. Director, IDFC

□ **Change in Directors of NABARD during the Last Three Years**

Changes of Directors from 01.04.2002 to 31.03.2003

Sr.No.	Name	Change	Date of Change	Reason
1	Dr A W P David	Ceased	30/04/2002	Transferred
2	Smt Nethra Shenoy	Appointed	01/05/2002	Appointed as Director
3	Shri M B Pranesh	Ceased	09/06/2002	Transferred
4	Shri T S Sridhar	Appointed	10/06/2002	Appointed as Director
5	Smt Nethra Shenoy	Ceased	03/07/2002	Transferred
6	Shri Sunil Sud	Appointed	04/07/2002	Appointed as Director
7	Shri S K Purkayastha	Ceased	16/07/2002	Transferred
8	Shri D C Gupta	Appointed	17/07/2002	Appointed as Director
9	Shri Arun Bhatnagar	Ceased	02/10/2002	Transferred
10	Shri M Shankar	Appointed	03/10/2002	Appointed as Director

11	Shri D C Gupta	Ceased	29/10/2002	Transferred
12	Shri J P Rajkhowa	Ceased	29/10/2002	Transferred
13	Smt Vineeta Rai	Appointed	30/10/2002	Appointed as Director
14	Shri S C Das	Appointed	30/10/2002	Appointed as Director
15	Shri N S Rattan	Ceased	28/12/2002	Transferred
16	Shri M V S Chalapati Rao	Ceased	31/12/2002	Retired
17	Shri J N L Srivastava	Ceased	31/12/2002	Transferred
18	Shri Mohan Kanda	Appointed	01/01/2003	Appointed as Director
19	Shri P K Verma	Ceased	20/02/2003	Transferred
20	Shri R P Bagai	Appointed	21/02/2003	Appointed as Director
21	Shri Vijay S Madan	Appointed	21/02/2003	Appointed as Director
22	Shri Mohan Kanda	Ceased	30/03/2003	Transferred
23	Shri R C A Jain	Appointed	31/03/2003	Appointed as Director

Changes of Directors from 01.04.2003 to 31.03.2004

Sr.No.	Name	Change	Date of Change	Reason
1	Y C Nanda	Ceased	30 June 2003	Retired from the post of the Chairman of NABARD
2	Vepa Kamesam	Appointed	01 July 2003	Appointed to co-ordinate the affairs of NABARD
3	Vepa Kamesam	Ceased	23 December 2003	Retired from the post of DG of RBI
4	Smt K J Udeshi	Appointed	27 December 2003	Appointed vice Shri Vepa Kamesam
5	Smt Ranjana Kumar	Appointed	21 November 2003	Appointed as Chairperson of NABARD
6	Smt Vineeta Rai	Appointed	10 July 2003	Renominated as Director
7	S N Joshi	Ceased	16 November 2003	Expired on 16 November 2003
8	Smt Vineeta Rai	Ceased	25 December 2003	Change of Portfolio
9	N S Sisodia	Appointed	26 December 2003	Appointed vice Smt Vineeta Rai
10	R P Bagai	Ceased	26 December 2003	Change of Portfolio
11	Dr P Raghavan	Appointed	26 December 2003	Appointed vice Shri R P Bagai

12	R C A Jain	Ceased	29 February 2004	Retired from the post of Secretary, Agriculture, GoI, New Delhi
13	Smt Radha Singh	Appointed	29 February 2004	Appointed vice Shri R C A Jain
14	T S Sridhar	Ceased	31 December 2003	Change of Portfolio
15	Dr R Kannan	Appointed	01 January 2004	Appointed vice T S Sridhar
16	S C Das	Ceased	31 December 2003	Change of Portfolio
17	C Bapu Rajeev	Appointed	01 January 2004	Appointed vice Shri S C Das
18	Y S P Thorat	Appointed	17 March 2004	Appointed as Managing Director

Changes of Directors from 01 April 2004 to 31 March 2005

Sr.No.	Name	Change	Date of Change	Reason
1	Swami Shashankananda	Ceased	17.05.2004	Expiry of term
2	Smt. K J Udeshi	Ceased	27.09.2004	Change of portfolio in RBI
3	V Leeladhar	Appointed	28.09.2004	vice Smt. K J Udeshi
4	Prof. Vijay Shankar Vyas	Ceased	17.05.2004	Expiry of term
5	Dr. Amrita Patel	Ceased	17.05.2004	Expiry of term
6	N S Sisodia	Ceased	31.01.2005	Retd. from the post of Secy (FS), DEA, MoF, GoI
7	C Babu Rajeev	Ceased	17.05.2004	Expiry of term
8	Dr. R Kannan	Ceased	17.05.2004	Expiry of term
9	Om Prakash	Appointed	28.05.2004	--
10	Sanjib Chandra Hota	Appointed	28.05.2004	--
11	Sanjib Chandra Hota	Ceased	30.06.2004	Change of portfolio in the State Government.
12	Ajit Kumar Tripathy	Appointed	01.07.2004	vice Shri S C Hota

13	Ajit Kumar Tripathy	Ceased	31.07.2004	Change of portfolio in the State Government.
14	Gautam Buddha Mukherji	Appointed	01.08.2004	vice Shri A K Tripathy

Corporate Governance

The Bank complies with the Corporate Governance and has constituted an Audit Committee.

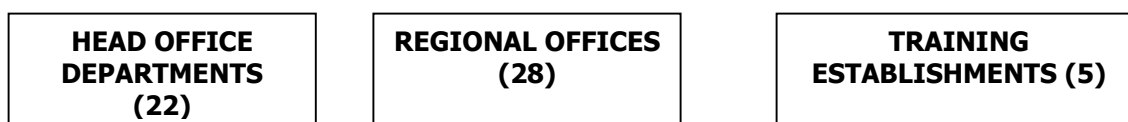
X ORGANISATION STRUCTURE

BOARD OF DIRECTORS

CHAIRMAN

MANAGING DIRECTOR

EXECUTIVE DIRECTORS (5)



SUB-OFFICE (1) & SPECIAL CELL(Srinagar)

DISTRICT DEVELOPMENT OFFICES (360)

XI. KEY MANAGERIAL PERSONNEL:

Name & Designation	Age	Date of Joining NABARD	Qualifications	Details of Previous employment	Work Experience (yrs.)	
					Total	NABARD
Mrs Ranjana Kumar, Chairperson	58	Nov. 21. 2003	B.A. (Gold Medalist)	Bank of India Feb-1996 to 31.03.99 Canara Bank 01.04.99 to 28.06.00 Indian Bank 29.06.00 to 20.11.03	38	from 21.11.2003
Shri Y S P Thorat Managing Director		March 17, 2005	BA (Political Science), LLB, CAIIB			From 17.03.2004
Dr. K.G.Karmakar Executive Director	51	July, 12 1982	B.Sc. (Hons) M.B.A. (Finance) Ph.D. (Management)	Probationary Officer in State Bank of India Assistant Director in Reserve Bank of India	29	22

Shri. R.Balakrishnan Executive Director	55	July, 12 1982	B.Sc. M.A. CAIIB, P.G. Course in Radiology	Officer in Reserve Bank of India	32	22
Shri S.S.Acharya Executive Director	55	July, 12 1982	B.A. M.A.	Grade B / Grade C offier in Reserve Bank of India	28	22
Shri S.K.Mitra Executive Director	51	July, 12 1982	B.Sc (Physics) M. Sc. (Physics)	Grade B / Personnel Officer / Currency Officer in Reserve Bank of India	28	22
Shri Amresh Kumar Executive Director	52	July, 12 1982	B.Sc. (Hons) M.Sc, CAIIB Master in Dev. Mngmt.	Probationary Officer in Indian Overseas Bank Officer in Reserve Bank of India	29	22

Change in Key Managerial Personnel in the proceeding one-year:

Changes of Executive Directors during 01.04.2004 to 31.03.2005

None

XII. PROMOTERS

National Bank for Agriculture and Rural Development Act, 1981 was passed by the Indian Parliament and NABARD was established on 12 July 1982. Government of India and Reserve Bank of India sponsored NABARD.

XIII. AUDITORS CERTIFICATE & FINANCIAL INFORMATION

AUDITORS CERTIFICATE

**The Board of Directors,
National Bank for Agriculture and Rural Development
Mumbai.**

AUDITORS REPORT & FINANCIAL INFORMATION

Dear Sirs,

1. We were engaged to report on the financial information of National Bank for Agriculture and Rural Development ('the Bank') annexed to this report, which is required to be prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') on 19 January 2000 in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992.
2. The financial information is proposed to be included in the Offer Document of the Bank in connection with its proposed issue of Bonds on a private placement basis.
3. The financial information annexed to this report comprises of the annexed statements of assets and liabilities of the Bank as at 31 March 2005, 31 March 2004, 31 March 2003, 31 March 2002 and 31 March 2001 – Annexure II and the annexed statements of Profit and loss for each of the years ended on those dates – Annexure I, ('the summary statements').
4. The summary statements have been extracted from the financial statements drawn up in conformity with Schedule A & B of Chapter IV of National Bank for Agriculture and Rural Development Regulations, 1984, that were audited by us for the years ended 31 March 2005, 31 March 2004 by M/s Gupta Sharma & Associates, 31 March 2003, 31 March 2002 31 March 2001 by M/s V Shankar Iyar & Co.
5. Based on our audit of the financial statements for the years ended 31 March 2005, and the audit of the financial statements for the year ended 31 March 2004, 31 March 2003, 31 March 2002, 31 March 2001, by other firms of Chartered accountants, we report as under:
 - 5.1 In respect of certain changes in accounting policies, adjustments for previous years and/or incorrect accounting policies referred to in Annexure V, the effect thereof on the Statement of Profit and Loss of the Bank for each of the accounting years contained in Annexure I and on the Statement of Assets and Liabilities of the Bank at the end of each of the accounting years contained in Annexure II, could not be quantified.
6. Subject to our comments in para 5.1, we confirm that the Statement of Profit and Loss of the Bank (Annexure I) for the five consecutive years and the Statement of Assets and Liabilities as at the end of the respective years (Annexure II), read with the Significant Accounting Policies for the year 2004-05 (Annexure III) and Notes on Accounts for the year 2004-05 (Annexure IV) are prepared from the aforesaid accounts after making such adjustments and regrouping as were feasible and in our opinion considered appropriate.
7. The Bank's Management is responsible for the preparation of the summary statements. Our responsibility is to report based on the work done. With respect to financial information as per the audited financial statements annexed to this report for our reporting to you, we have relied upon the audited financial statements for the one financial year ended 31 March 2005, audited by us and for four financial years ended 31 March 2004, 31 March 2003, 31 March 2002,

31 March 2001 audited by other firms of Chartered Accountants as referred to in para 4 above. For none of the period/years referred to above, nor for any other periods/years did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above and accordingly we express no opinion.

8. We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Bank's audited financial statements. Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Bank's management, we confirm that nothing has come to our attention to show non-compliance with the SEBI Guidelines.

11. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed issue of bonds of the Bank on private placement basis and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for **Sharp and Tannan.**
Chartered Accountants
by the hand of

Sd/-
Milind P. Phadke
Membership No. 33013

Place : Mumbai

Date : 22 July 2005

FINANCIAL INFORMATION

Annexure I

The table below presents the Profit/Loss Account for the 5 years ended 31st March 2001 to 31st March 2005.

PROFIT AND LOSS ACCOUNT

**Statement of Profit and Loss for the five financial years
ended March 31, 2001 to March 31, 2005 :**

	(Rs in crores)				
	2000-01	2001-02	2002-03	2003-04	2004-05
INCOME					
Interest Received on Loans and Investments	3028.43	3630.92	4028.42	4247.37	3916.32
Discount Received	8.07	18.70	2.55	0.00	1.28
Other Receipts	8.50	22.28	15.43	19.90	21.14
EXPENDITURE					
Interest and Financial Charges	1415.23	1869.11	2170.89	2369.60	2113.59
Establishment and Other Expenses	248.50	278.87	276.75	354.81	362.85
Depreciation	27.17	30.01	28.56	30.15	26.15
Provision for Loan Assets & Depreciation on investments	(2.62)	13.24	45.95	52.28	103.53
Profit before Income Tax	1354.10	1480.67	1524.25	1460.43	1332.62
Provision for Income Tax	0.00	365.00	390.00	375.00	357.000
Deferred tax asset	0.00	0.00	(13.00)	(36.40)	(57.80)
Profit after Income tax	1354.10	1115.67	1147.25	1121.83	1033.42

ASSETS & LIABILITIES

Statement of Assets & Liabilities as at the end of the five financial years					
March 31, 2001 to March 31, 2005:					
	(Rs in crores)				
	2000-01	2001-02	2002-03	2003-04	2004-05
a. Fixed Assets (at Cost less depreciation)	266.45	252.64	243.78	244.82	234.96
b. Investments	1147.98	1298.12	1354.99	2411.87	5137.86
a. Current Assets, Loans and Advances					
Cash and Bank Balances	406.61	915.56	1785.00	2899.86	5477.62
Money at Call and Short notice	240.00	0.00	0.00	0.00	0.00
Loans and Advances	35772.30	41063.10	45361.41	48790.26	48354.75
Other assets	982.32	1569.20	1325.71	1541.79	1573.88
TOTAL	38815.66	45098.62	50070.89	55888.60	60779.07
Represented by					
1. Capital	2000.00	2000.00	2000.00	2000.00	2000.00
2. Reserve and Funds	16921.70	18180.44	19342.07	20556.06	21701.56
3. Gifts and Grants	41.23	84.90	127.24	103.55	104.58
4. Bonds and Debentures	3613.72	6078.39	8702.19	11883.32	17203.92
5. Deposits and Borrowings	15351.99	17417.11	18931.32	19704.66	18153.31
6. Current Liabilities and Provisions	887.03	1337.78	968.07	1641.01	1615.70
TOTAL	38815.66	45098.62	50070.89	55888.60	60779.07

1. General

The accounts have been 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 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.

(v) Issue expenses relating to floatation of bonds are recognized 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 lease hold land.

3.3. Premises include 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% 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 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, is treated as revenue item.
- 4.7 Broken period interest on debt instruments is treated as a revenue item.

5. Advances and Provisions Thereon

- 5.1.1 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.
- 5.1.2 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 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:

- a. the provision for impairment loss, if any required or
- b. the reversal, if any, required for impairment loss recognised 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:

- 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 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
 - a) Present obligation arising from past event. When it is not probable that an outflow of resources will be required to settle the obligation.
 - b) 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.

Annexure IV**NOTES FORMING PART OF THE ACCOUNTS**

1. In terms of TAWA Command Area Development Project Agreement, interest chargeable by the Government of India on loans to the Banks at 6.5% per annum has been accounted to the extent of 4.5% by credit to the "Interest Differential Fund" to be utilized for certain specified purposes and the balance of 2% has been paid to Government of India.
2. The breakup of Reserve and Funds is as under :

(Rs. In Crores)

Sr. No.	RESERVE AND FUNDS	2000-01	2001-02	2002-03	2003-04	2004-05
1	Reserve fund	2583.06	2757.11	2868.39	3166.35	3356.55
2	Research & Development Fund	42.73	44.38	50.00	50.00	50.00
3	Capital Reserve	74.81	74.81	74.81	74.81	74.81
4	Investment Fluctuation reserve	103.67	103.67	103.67	113.55	237.77
5	Co-operative Development Fund	64.16	68.34	75.00	75.00	75.00
6	Soft loan Assistance Fund for Margin Money	10.00	10.00	10.00	10.00	10.00
7	Agriculture and Rural Enterprise Incubation Fund	5.00	5.00	5.00	5.00	5.00
8	Foreign Currency Risk Fund	87.83	92.90	92.57	106.19	119.81
9	Special Reserve Created & Maintained u/s. 36(i)(viii) of Income Tax Act 1961	0.00	470.00	1040.00	1640.00	2215.00
10	Farm Innovation & Promotion Fund	0.00	0.00	0.00	0.00	5.00
11	Tribal Development Fund	0.00	0.00	0.00	50.00	50.00
12	NRC (Long Term Operations) Fund	12192.00	12723.00	12945.00	13070.00	13152.00
13	NRC (Stabilisation) Fund	1246.00	1252.00	1474.00	1500.00	1511.00
14	National Bank – Swiss Development Coop. Project	12.15	24.74	34.09	34.09	42.46
15	National Bank – SDC VII Fund	0.53	0.00	0.00	0.00	0.00
16	Interest on RPCF	29.28	26.87	23.46	16.99	10.70
17	Credit and Financial Services Fund	60.18	61.57	64.80	68.52	72.19
18	Kfw fund for Watershed Development	0.47	0.31	2.62	2.39	3.51
19	Kfw fund Nabard V – Adivasi Program	1.34	1.77	2.65	0.78	0.34
20	CEC - Baif Project Fund	2.54	0.01	0.01	0.01	0.01
21	Watershed Development Fund	199.67	226.29	264.65	343.10	429.14
22	Micro Finance Development and Equity Fund	83.19	101.72	100.00	100.00	138.43

23	Interest Differential Fund (Forex Risk)	55.29	68.21	43.55	60.69	73.38
24	Interest Differential Fund (TAWA)	5.01	5.01	5.21	5.21	5.53
25	Medical Assistance Fund	0.98	0.92	0.78	0.41	0.02
26	Adivasi Development Fund	0.00	0.00	0.00	1.16	2.10
		16921.70	18180.44	19342.07	20556.06	21701.56

3. Interest @ 6.00% per annum for the year on unutilised balances of CFSF, RPCF, KfW fund for Watershed Development, Funds under CEC BAIF project, KfW NB IGWDP – Andhra Pradesh, NB V Adivasi Special Development Programme (Gujarat), KfW NB IX Adivasi Development Programme, Cattle Development Programme (Uttar Pradesh), and Cattle Development Programme (Bihar) have been credited to the respective funds based on individual agreements.
4. 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 State Cooperative Banks and State Land Development Banks.
5. The Bank has not received the confirmation of balance of Pension fund as on 31/3/2005 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.
6. 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.
7. Pending receipt of operational guidelines, Rs.100 crore (Rs.100 crore) received from Government of India under the scheme of revitalization of co-operative credit structure have been included under sundry creditors.

8. **Provisions for Income Tax**

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

(Rs. in crore)

Sr. No.	Deferred Tax Assets on account of	At 01/04/04	Increase/(Decrease) During the year	As at 31/03/05
I	Provision for Retirement Benefits made in the books but allowable for tax purposes on payment basis	123.46	25.90	149.36
II	Depreciation on Fixed Assets	29.94	(3.60)	26.34
III	Broken period interest on GOI securities in stock	0.00	35.50	35.50
	Total	153.40	57.80	211.20

9. '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.
10. 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 31.3.2005, aggregates to Rs.183.04 crore (Rs. 219.85 crore).

11. 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 during the year 2004-05.
12. 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 for the year ended 31 March 2005.
13. 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 in 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

14. Prior period items included in the profit and loss account are as follows:

(Rs. in 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

15. Capital adequacy ratio of the Bank as on 31.3.2005 is 38.78% as against a minimum of 9% as stipulated by RBI.
16. Previous year's figures have been regrouped/ recast wherever necessary.
17. The figures in brackets pertain to previous year.
18. 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)**

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 in crore)

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

(c) Risk weighted assets

(Rs. in 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. in 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)**(e) Net NPA position:**

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

(f) Asset classification (Excluding Staff Advances)

(Rs. in crore)

Classification	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	0.000	0.000000	0.000	0.000000
Total	48,354.749	100	48,790.260	100

(g) Provisions made during the year:

(Rs. in 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

(h) **Movement in NPAs :**

(Rs. in 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

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

	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	UP 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-Op 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	UP State Govt	16.34	2.20	18.73	2.44
9	Maharashtra state Coop 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	

(j) Credit exposure to the five largest industrial sectors as percentage to total loan assets: Not Applicable

III. Liquidity:

(1) **Maturity pattern of rupee assets and liabilities:**

(2) **Maturity pattern of foreign currency assets and liabilities:**

(Rs. in 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 :**

	Particulars	For the year ended 31-03-2005	For the year ended 31-03-2004
(o)	Interest income as a percentage to working funds	6.90	8.02
(p)	Non interest income as a percentage to working funds	0.04	0.11
(q)	Operating profit as a percentage to working funds	3.22	3.61
(r)	Return on Assets (%)	1.82	2.78
(s)	Profit per Employee (Rs. Crore)	0.20	0.28

V **Movement in the provisions**

a) **Provision for Non Performing Assets**

(Rs. in crore)

	Particulars	2004-05	2003-04
a)	Opening balance as at the beginning of the financial year	0.49	0.97
	Add Provision made during the year	0.26	0.27
	Less Write off, write back of excess provision	0.00	0.75
b)	Closing balance at the close of the financial year	0.75	0.49

(b) Provision for depreciation in investments (Rs. in crore)

		Particulars		
A		Opening balance as at the beginning of the financial year		0.65
B	Add			
	i)	Provisions made during the year	38.00	
	ii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	65.24	
C		Sub Total (A+B.i+B.ii)		103.89
D	Less			
	i)	Write off during the year	0.00	
	ii)	Transfer, if any, to Investment Fluctuation Reserve Account	0.00	
E		Closing balance as at the close of the financial year (C-D.i-D.ii)		103.89

VI Restructured accounts

During the year 2004-05, standard refinance loan assets of Rs 3,374.85 crore, due from State Cooperative Agriculture and Rural Development Banks, carrying interest rates higher than 8% were restructured by resetting the same at 8 %.

VII Disclosure on risk exposure in derivatives

During the year 2004-05, 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.

19. 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 repayment)	(1.36)	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

20. Information on Business Segment

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 voluntary agencies /non-governmental organisations for developmental activities are included in this segment.
- ii) **Refinance:** Loans and Advances given to state governments, Commercial Banks, Land Development Banks, State Coop. Banks, Regional Rural Banks etc. as refinance against the loans disbursed by them to the ultimate borrowers.
- iii) **Treasury:** The investment of funds under call money, treasury bills, short term deposits, government securities etc.
- i) **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. in crore)

	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. in crore)

	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

CHANGES IN ACCOUNTING POLICIES, ADJUSTMENT FOR PREVIOUS YEARS AND/ OR INCORRECT ACCOUNTING POLICIES, EFFECT OF WHICH HAS NOT BEEN QUANTIFIED AND FOR WHICH ADJUSTMENTS COULD NOT BE CARRIED OUT :

1. During the five consecutive financial years ended 31st March, 2003, various guidelines were issued by the Reserve Bank of India on Income Recognition, Assets Classification, Provisioning in respect of Standard Asset / Non- performing Advances, Other Assets, Classification of investments, Valuation thereof and Treatment of Depreciation on Investment / Fixed / Leased Assets. Necessary adjustments in the accounting policies have been carried out by the Bank in the relevant previous years, to be in conformity with the Reserve Bank of India guidelines.
2. The profits for the following years have been arrived at after considering prior period income and expenses as follows :

(Rs. In Crores)

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

Interests on loans to staff (other than Housing Loans) were recognized on cash basis prior to the year 2001-02. They were recognized on accrual basis since 2001-02. Consequently, the interest estimated as relating to earlier years of Rs. 7.18 crore and relating to the year 2001-02 of Rs. 2.66 crore has been accounted as income. As a result of the change, profit before tax for the year 2001-02 and Reserves at the end of the year 2001-02 were higher by Rs. 9.84 crore.

COMPANIES UNDER THE SAME MANAGEMENT

There are no other listed/unlisted companies under the same management within the meaning of section 370(1B).

XIV. MANAGEMENT DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENT FOR THE LAST THREE FINANCIAL YEARS

STATEMENT OF PROFIT & LOSS

		Year ended (Rs. in Crs.)		
		31-03-2005	31-03-2004	31-03-2003
1	Net Income from Operations	3916.32	4195.09	3985.01
2	Other Income	22.43	19.90	15.43
3	Total Expenditure			
	a) Staff Cost	295.01	262.33	184.36
	b) Other Expenditure	67.83	92.48	92.39
4	Interest Expenses	2217.59	2369.60	2170.88
5	Depreciation	26.15	30.15	28.56
6	Gross Surplus before taxation (1+2-3-4-5)	1332.61	1460.43	1524.25
7	Provision for Taxation	299.20	338.60	377.00
8	Surplus after Taxation (6-7)	1033.41	1121.83	1147.25
9	Contribution to NRC Funds and Special Reserve u/s 36(1)(viii) of IT Act, 1961 #	666.00	749.00	1012.00
10	Surplus after contribution to NRC Funds and Special Reserve	367.41	389.97	152.09
11	Paid-up Capital	2000.00	2000.00	2000.00
12	Reserves (excluding revaluation reserve)			
	a) General Reserve	3356.54	3166.35	2868.39
	b) Other Reserves	2842.39	2124.55	1451.05
	c) National Rural Credit Funds	14663.00	14570.00	14419.00
# There is no outside obligation on these Funds.				

SUMMARY OF ASSETS AND LIABILITIES

		(Rs. Crore)		
As on March 31		2002-03	2003-04	2004-05
Capital		2000	2000	2000
Reserves & Surplus		19469	20660	21510
Borrowings & Deposits		27634	31588	35357
Others		968	1641	1912
Total		50071	55889	60779
Refinance and Loans & Advances		45361	48790	48355
Investments		1355	2412	5138
Others		3355	4687	7286
Total		50071	55889	60779

Agriculture sector is a very important section of the Indian economy that supports a large proportion of India's population. Agriculture thus remains an important focus area for Government of India (GoI). The sector's financial needs are not fully met by the commercial banking system even now. NABARD is an important institution for channelising resources to this sector and reduce its dependence on the unorganised sector for funding. In view of this important role played by NABARD, it is expected to receive continued support from both GoI and RBI.

The financial health of the co-operative banks and land development banks is a matter of concern for NABARD. The problem has been receiving increasing attention from both, GoI and RBI. GoI has for the first time in the Union Budget for FY2002 made a provision for recapitalisation of co-operative banks. However, the process of improving financial health of this sector is likely to take a long time and would remain a key concern.

Comparison of financials for Financial year 2005 with financials of Financial year 2004

Profit before tax for the year ended 31st March 2005 decreased to Rs 1333 crs from Rs 1460 Crs for the year ended 31st March 2004. Income from interest on loan and income from investments decreased to Rs 3916 crs in 2005 compared to Rs 4247 Crs in 2004. NABARD made a higher provision for loan assets of Rs 104 crs for the year 2005 as compared to Rs 52 Crs for 2004. Total Assets of NABARD increased to Rs 60780 Crs in 2005 as compared to Rs 55889 Crs in 2004.

Comparison of financials for Financial year 2004 with financials of Financial year 2003

Profit before tax for the year ended 31st March 2004 decreased to Rs 1460 crs from Rs 1524 Crs for the year ended 31st March 2003. Income from interest on loan and income from investments increased to Rs 4247 crs in 2004 compared to Rs 4028 Crs in 2003. NABARD made a higher provision for loan assets of Rs 52 crs for the year 2004 as compared to Rs 46 Crs for 2003. Total Assets of NABARD increased to Rs 55889 Crs in 2004 as compared to Rs 50885 Crs in 2003.

Comparison of financials for Financial year 2003 with financials of Financial year 2002

Profit before tax for the year ended 31st March 2003 increased to Rs 1524 crs from Rs 1481 Crs for the year ended 31st March 2002. Income from interest on loan and income from investments increased to Rs 4028 crs in 2003 compared to Rs 3631 Crs in 2002. NABARD made a higher provision for loan assets of Rs 46 crs for the year 2003 as compared to Rs 13 Crs for 2002. Total Assets of NABARD increased to Rs 50885 Crs in 2003 as compared to Rs 45099 Crs in 2002.

NABARD confirms that:

1. There have been no unusual or infrequent events or transactions, since the date of the Auditors Report dated July 22, 2005 contained herein.
2. There are no significant economic changes that materially affected or are likely to materially affect income from continued operations.
3. There are no known trends or uncertainties that have had or are likely to have a material adverse impact on the revenue or income from continuing operations.
4. There have been no changes in the activity of the Issuer which may have had a material effect on the statement of profit / loss for the last five years.

Material Development:

In the opinion of the Bank, since the date of the last financial Statement disclosed in the Shelf Information Memorandum, there have been no circumstances that materially and adversely

affect or are likely to affect the trading or profitability of the Bank, or the value of its assets, or its ability to pay its liabilities, within the next twelve months.

XV. Outstanding Litigations against NABARD / Subsidiaries of NABARD

The stake involved in outstanding litigations as on 31 March 2005 aggregate Rs 33.52 Crores with respect of 60 cases. Category - wise break up of the cases is given below: -

Category	No of Cases	Amount Involved (In Crores)
Suits/other proceedings filed by borrowers	NIL	XXX
Suits/WPs filed by other parties	04	1.82
Arbitration cases filed by other parties	04	30.68*
Consumer court cases/suits/miscellaneous	51	***
Cases filed by other parties	<u>NIL</u>	<u>XXX</u>
TOTAL	59	32.50

* This includes litigation in respect of kandivali arbitration wherein the arbitrators awarded a sum of Rs 3.20 crores in favour of M/s Shah Thakur and Sons (vendor developer). NABARD filed petition before high court to pass a decree in terms of the award and the vendor developer filed petition to set aside the award

*** Not quantifiable

Cases filed against subsidiaries of NAABRD.

Category	No of Cases	Amount Involved (In Crores)
Suits filed by borrowers	1	1.02
(suit filed by RMK Poultry Farms (P) Ltd against ADFC(Tamilnadu) Ltd) (inclusive of damage of Rs 1 crore)		

XVI. OTHER REGULATORY AND STATUTORY DISCLOSURES:

Authority for the Issue

These Bonds issued / to be issued by NABARD for the financial year 2005-2006 are in accordance with resolution passed by the Executive Committee of the Board of Directors of NABARD in its Eighty Second meeting held on March 31, 2005

These Bonds issued / to be issued by NABARD for the financial year 2004-2005 are in accordance with resolution passed by the Board of Directors of NABARD in its 139th meeting held on 10th April, 2004.

Prohibition by SEBI

The Issuer, Directors, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. The listing of any of our securities has never been refused at anytime by any of the stock exchanges in India.

Eligibility of the Company to enter the capital market

The norms regarding eligibility to enter the capital market are not applicable as per current regulations to private placement of Bonds.

Disclaimer clause of SEBI and BSE

AS REQUIRED, A COPY OF THE INFORMATION MEMORANDUM FOR ISSUE OF BONDS ON PRIVATE PLACEMENT BASIS HAS BEEN FILED WITH THE STOCK EXCHANGE, MUMBAI IN TERMS OF THE SEBI CIRCULAR NO. SEBI/MRD/SE/AT/36/2003/30/09 DATED SEPTEMBER 30, 2003 AND SEBI CIRCULAR NO. SEBI/MRD/SE/AT/46/2003 DATED DECEMBER 22, 2003 ("SEBI PRIVATE PLACEMENT CIRCULARS").

AS PER THE PROVISIONS OF SEBI PRIVATE PLACEMENT CIRCULARS, A COPY OF THIS INFORMATION MEMORANDUM HAS NOT BEEN FILED WITH OR SUBMITTED TO SEBI. IT IS DISTINCTLY UNDERSTOOD THAT THIS INFORMATION MEMORANDUM SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO HAVE BEEN APPROVED OR VETTED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS INFORMATION MEMORANDUM.

IT IS ALSO TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE INFORMATION MEMORANDUM WITH BSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR VETTED OR APPROVED BY BSE. BSE DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS INFORMATION MEMORANDUM.

THE BOARD OF DIRECTORS OF THE COMPANY AND ITS CHIEF GENERAL MANAGER (RESOURCE MOBILISATION DEPARTMENT) HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE INFORMATION MEMORANDUM ARE ADEQUATE AND IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 IN FORCE FOR THE TIME BEING AND AS APPLICABLE AS PER THE SEBI PRIVATE PLACEMENT CIRCULARS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO

TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

Disclaimer Statement of the Issuer

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material expressly stated to be issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

Filing of the Information Memorandum

This Information Memorandum has been filed with BSE in terms of Clause 4.2(b) of the SEBI circular no. SEBI/MRD/SE/AT/46/2003 dated December 22, 2003 as the Bonds are being privately placed and issued in the denomination of Rs. 1,000,000/- (Rupees One Million Only) each. This Information Memorandum is not required to be filed with any other regulatory authority, as per the provisions of the SEBI Private Placement Circulars.

Listing

An application has been made to the BSE for permission to list the Bonds to be issued and allotted in terms of this Information Memorandum.

Consent

M/s. Sharp & Tannan, Chartered Accountants, the Statutory Auditors of the Bank have their written consent to their report being included in the form and content in which it appears in this Shelf Information Memorandum and IDBI Trusteeship limited has given its written consent to act as Trustees to the issue and for including their name in the Shelf Information Memorandum.

Changes in Auditors in the past three years

M/s. V. Sankar Aiyar & Co, Chartered Accountants, the Statutory Auditors of the Bank have their written consent to their report being included in the form and content in which it appears in this Shelf Information Memorandum and IDBI Trusteeship limited has given its written consent to act as Trustees to the issue and for including their name in the Shelf Information Memorandum.

Promise vis-à-vis performance:

The last three issues of the Issuer were private placements of Bonds. No forecasts or projections, financial or otherwise, were made in the offer documents for any of these issues. Thus, the provisions regarding Promise vis-à-vis performance are not applicable to the Issuer.

Stock Market data

The Capital of NABARD is not in the form of shares.¹ Hence, no share market data are available.

Mechanism evolved for redressal of investor grievances

To ensure that Investors grievances are attended to expeditiously the Bank has appointed a compliance officer, who may be contacted in case of any grievances at the following address:

Compliance Officer

Shri Y. N. Gupta - CGM

In Capital Structure Heading we have mentioned the Capital as Share Capital

Resources Mobilisation Department,
Plot NO. C-24, G-Block, Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Tel: (022) 26539066/ 26599080/26539373
Fax: (022) 26530099
E-Mail: nabrmd@vsnl.net

The details regarding normal time taken for disposal of various types of investors' grievances is given below:

1. Transfer/Transmission of Bonds: 7 days
2. Change of Address : 3 days
3. Issuance of duplicate certificates : 3 days
4. Non receipt of certificates : - days
5. Non receipt of interest warrants : 3 days
6. Noting of bank mandate : 1 days

As on date there is no outstanding grievances against NABARD from investors/ shareholders. There are no listed companies under the same management within the meaning of Section 370 (1)(B) of the Companies Act, 1956 for which similar aforesaid details are required to be furnished.

DEBT OUTSTANDING

A summary of NABARD's outstanding debt as on 31st March 05 is given below:

Sr. No.	Description	Date of Floatation	Date of Maturity	Date of Put/Call	Tenure (Years)	Interest Payment	Principal Amount	No. of Investors
SLR BONDS MANAGED BY RBI								
1	11.5% NB 2009-IX SERIES	06/11/1989	06/11/2009	NO	20	NOV & MAY HALF YEARLY	893502000	82
2	11.5% NB 2010-X SERIES	18/12/1990	18/12/2010	NO	20	DEC & JUNE HALF YEARLY	896339000	105
3	12% NB 2012-XI SERIES	15/01/1992	15/01/2012	NO	20	JAN & JULY HALF YEARLY	989970000	100
4	13% NB 2007-XII SERIES	07/10/1992	07/10/2007	NO	15	OCT& APR HALF YEARLY	1351300000	145
BONDS MANAGED BY NABARD (SLR BONDS)								
1	14% NB 2005 - XV Series	10/10/95	10/10/05	No	10	Half Yearly	835000000	117
2	13.85% NB 2006 - XVI Series	19/08/96	19/08/06	No	10	Half Yearly	1159600000	91
3	12.30% NB 2008 - XVII Series	18/02/98	18/02/08	No	10	Half Yearly	635000000	52
4	12.35% NB 2009 - XVIII Series	22/03/99	22/03/09	No	10	Half Yearly	1162300000	70
TAX FREE BONDS								
1	8.25% TFB	01/12/98	01/12/05	No	7	Half Yearly	500000000	4

	2005 - III Series							
2	5.10%TFB 2008 - IVA Series	14/02/03	14/02/08	No	5	Yearly	1451000000	8
3	5.10%TFB 2008 - IVB Series	17/02/03	17/02/08	No	5	Yearly	3300000000	3
4	5.10%TFB 2008 - IVC Series	21/02/03	21/04/08	No	5	Yearly	2500000000	3
5	5.25% TFB 2008 - IVD Series	19/03/03	19/03/08	No	5	Yearly	1247500000	7
6	5.10% TFB 2008 - IV E Series	19/03/03	19/03/08	No	5	Yearly	1120000000	12
7	5.25% TFB 2008 - IV F Series	29/03/03	29/03/08	No	5	Yearly	500000000	1
8	5.00% TFB 2008 - IV G Series	01/10/03	01/10/08	No	5	Yearly on 01 Oct	2851500000	18
PRIORITY SECTOR BONDS								
1	11.25% PSB 2006 – I Series	22/03/99	22/03/06	No	7	Half Yearly	1880000000	14
2	PSB VA@ 7.10%	12/09/02	12/09/05	No	3	Yearly	250000000	1
3	PSB VB@ 6.60%	18/09/02	18/09/07	18/09/05	5	Yearly	3000000000	1
4	PSB V C@ 4.80%	18/11/02	18/11/05	18/05/05	3	Yearly on doa	2500000000	1
5	PSB VD@ 6.00%	18/12/02	18/12/07	18/12/05	5	Yearly	2500000000	1
6	PSB VF@ 5.60%	31/01/03	31/01/08	31/01/06	5	Yearly	11000000	1
7	PSB VG@ 5.25%	10/03/03	10/03/06	10/03/05	3	Yearly	200000000	1
8	PSB VH@ 5.25%	12/03/03	12/03/06	No	3	Yearly	500000000	1
9	PSB VI A@ 5.72%	22/05/03	22/05/06	No	3	Yearly	2000000000	1
10	PSB VI C@ 5.60%	04/06/03	04/06/08	04/06/05	5	Yearly on doa	2000000000	7
11	PSB VI D@ 5.40%	21/06/03	21/07/06	21/07/05	3	Yearly on doa	1000000000	1
12	PSB VI F@ 5.30%	22/08/03	22/08/08	22/08/06	5	Yearly on doa	500000000	1
13	PSB VI E@ 5.50%	25/08/03	25/08/08	No	5	Yearly on doa	2000000000	1
14	PSB VI G@ 4.90%	17/09/03	17/09/06	17/04/05	3	Yearly on doa	450000000	1
15	PSB VI H@ 4.80%	15/03/04	15/03/07	15/06/05	3	Yearly on doa	2150000000	1
16	PSB VI I@ 4.80%	15/03/04	15/03/07	No	3	Yearly on doa	750000000	1
17	PSB VI O@ 4.75%	19/03/04	19/03/07	19/04/05	3	Yearly on doa	250000000	3
18	PSB VII A@5.95%	30/11/04	30/11/07	30/05/06	3	Yearly on doa	4500000000	1

19	PSB VII B@5.75%	24/01/05	24/01/08	24/04/07	3	Yearly on doa	880000000	2
20	PSB VII C@5.75%	31/01/05	31/01/08	31/04/07	3	Yearly on doa	3065000000	4
21	PSB VII D@5.75%	04/02/05	04/02/08	04/05/07	3	Yearly on doa	2050000000	2
22	PSB VII E@5.75%	07/02/05	07/02/08	07/05/07	3	Yearly on doa	2500000000	1
23	PSB VII F@5.75%	09/02/05	09/02/08	09/05/07	3	Yearly on doa	3200000000	2
24	PSB VII G@5.75%	10/02/05	10/02/08	10/05/07	3	Yearly on doa	1900000000	2
25	PSB VII H@5.75%	11/02/05	11/02/08	11/05/07	3	Yearly on doa	3000000000	1
26	PSB VII I@5.60%	28/02/05	28/02/08	30/04/07	3	Yearly on doa	4350000000	4
27	PSB VII J@5.15%	09/03/05	09/03/08	09/04/06	3	Yearly on doa	2900000000	1
28	PSB VII K@5.60%	10/03/05	10/03/08	10/05/07	3	Yearly on doa	1750000000	2
29	PSB VII L@5.60%	16/03/05	16/03/08	16/05/07	3	Yearly on doa	4800000000	1
30	PSB VII M@5.00%	31/03/05	31/03/08	31/03/07	3	Yearly on doa	1000000000	1
31	PSB VII N@4.80%	31/03/05	31/03/08	30/04/06	3	Yearly on doa	3000000000	1
NON-PRIORITY SECTOR BONDS								
1	5.75% NPSB 2008 - II Series	25/07/03	25/07/08	No	5	Yearly on doa	7500000000	43
2	4.90% NPSB IV Series	19/04/04	19/04/07	19/04/05	3	Yearly on doa	2000000000	1
3	4.80% NPSB V Series	27/04/04	27/04/07	27/04/05	3	Yearly on doa	1000000000	6
4	4.80% NPSB VI A Series	29/04/04/	29/04/07	29/04/05	3	Yearly on doa	1500000000	9
5	4.80% NPSB VI B Series	30/04/04	30/04/07	30/04/05	3	Yearly on doa	7500000000	5
6	4.80% NPSB VI C Series	03/05/04/	03/05/07	03/05/05	3	Yearly on doa	1000000000	2
7	4.80% NPSB VI D Series	05/05/04	05/05/07	05/05/05	3	Yearly on doa	1000000000	1
8	4.80% NPSB VI E Series	07/05/04	07/05/07	07/05/05	3	Yearly on doa	4750000000	15
9	5.85% NPSB VI F Series	01/12/04	01/12/07	01/12/05	3	Yearly on doa	5000000000	3
10	5.85% NPSB VI G Series	02/12/04	02/12/07	02/12/05	3	Yearly on doa	4750000000	6
TOTAL OF ALL THE BONDS							102029011000	

Capital Gain Bonds of Rs 6001 Crs are also in the books of NABARD.

- I. The promoters/Directors of the Bank have not given any personal guarantees for collaterally securing any borrowings.
- II. NABARD has not defaulted neither sought any roll on any of its previous borrowings including the above-mentioned borrowings.

DEBT SERVICING TRACK RECORD

NABARD has a consistent record of paying principal and interest on all loans, Bonds and deposits on due dates. There has been no default in servicing of debt.

XVII. OFFERING INFORMATION

Terms of the Issue

Status OF Bonds

The Bonds will constitute direct, unsecured and subordinated obligations of the Bank, subordinate to the claims of all other creditors and depositors of the Bank as regards repayment of principal and interest by the Bank out of its own funds.

Key Terms:

Redemption

The face value of the Bonds will be redeemed at par, as will be provided in Term Sheet from the DEEMED DATE OF ALLOTMENT. The Bonds will not carry any obligation, for interest or otherwise, after the date of redemption.

Coupon

The investors will receive interest at such interest rate as will be specified in the respective Term Sheet.

Face Value Per Bonds

Each Bond has a face value of Rs.10,00,000 /-

Minimum Application Size

The Minimum investment shall be 1(one) Bond i.e. Rs.10,00,000/- and in multiples of 1(one) Bond i.e. Rs.10,00,000 thereafter.

Security

The Bonds are unsecured & unconvertible in Nature

Minimum Subscription

Pursuant to the notification no. SEBI/MRD/SE/AT/46/2003 dated 22nd December 2003 issued by SEBI minimum subscription clause is not applicable to the privately placed debt securities.

Issue of Bonds in Dematerialised Form

The Issuer will issue Bonds only in Demat form. NABARD has made depository arrangements with National Securities Depositories Limited ("NSDL") and Central Depository Services India Limited ("CDSL") for the issue of Bonds in dematerialised form. Investors will hold the bonds in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 and rules as notified by NSDL / CDSL from time to time.

NABARD has signed two agreements in this connection:

1. Tripartite Agreement in March, 2002 between NABARD and NSDL and Datamatics Financials Software & Services Ltd.
2. Agreement between NABARD and CDSL.

Bidders should mention their Depository Participants name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Issuer shall take the necessary steps to credit the Depository Account of the allottees with the number of bonds allotted. In case of incorrect details provided by the investors and inability of the Issuer to credit the depository account, the allotment of bonds would be held in abeyance till the correct depository account details are furnished by the investors to the Issuer. Responsibility for correctness of applicant's demographic details given in the application form vis-a-vis his/her depository participant would rest with the applicant and the Issuer would not be liable with regard to the above in any manner

whatsoever. On the request of the investor, for conversion into physical form post allotment, NABARD may consider the same subject to the rules applicable from time to time.

Impersonation

Any person who-

- a) makes in a fictitious name an application to a company of acquiring, or subscribing for any Securities therein, or
- b) otherwise induces a company to allot or register any transferor of Securities therein to him, or any other person in a fictitious name shall be punishable under the extant laws.

Interest on Application Money:

Interest at coupon rate as specified in the respective Addendum/Term Sheet (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) from the date of realisation of the cheques / drafts up to (but excluding) the DEEMED DATE OF ALLOTMENT. Where an applicant is allotted a lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant and the cheque towards interest on the refunded money will be despatched by registered post along with the letter of allotment. In all cases, the interest instruments will be sent, at the sole risk of the applicant / First applicant.

Payment of Interest

1. The first interest payment shall be made from the date of realization of the Cheque /DD till the Deemed date of allotment. Subsequent interest payments shall be made annually / semi-annually / quarterly from the Deemed date of allotment till the redemption of the Bonds as provided in Terms Sheet.
2. Interest on Bonds (s) shall be payable subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act 1961 or any other Statutory Modifications or Re Enactment thereof as provided in Terms Sheet.
3. Payment of interest will be made to the holders of the Bonds whose name is registered in the Register of Bondholders, on the interest payment date. For this purpose, the Register of Bondholders would remain closed on the Record Date.
4. If any interest payment date falls on a day, which is not a business day, then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period.
5. In the event of delay in the lodgment for transfer by the transferee(s), interest payment due, if any, shall be made to the holder whose name is registered in the register of Bondholders on the interest payment date. In such case, claims for the interest by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.
6. Interest payment will be made by a demand draft/cheque / electronic mode (if available on that day) drawn and payable as per Mumbai jurisdiction.

Basis of Allotment:

Acceptance of the offer to invest and the allotment shall be decided solely by the issuer. The Bank reserves the right to reject in full or part any or all the offers received by them to invest in the Bonds without assigning any reason for such rejection. Acceptance of the offer shall be subject to completion of subscription formalities, detailed in the application form. In case of over subscription, the issuer would finalise the basis of allotment.

Deemed Date of Allotment

The Bonds would be deemed to be allotted on Deemed date of allotment or any other date, as may be decided by the Bank. In case the closing date is extended, investors will be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. Further, the Bank reserves the right to close the issue earlier from the aforesaid date or change the issue time table including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice.

Place and Currency of Payment

The Bonds are being issued by National Bank for Agriculture and Rural Development. All obligations under these Bonds are payable solely by the Issuer in Indian Rupees only.

Modification of Rights

The Bond Holders' rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three-fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bond Holders, provided that nothing in such consent or resolution shall be operative against or bind the Issuer in any manner where such consent or resolution modifies or varies the terms and conditions of the Bonds which are not acceptable to the Issuer .

Transfer of Bonds

The transfer of Bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant.

Terms of Payment

Applications should be for a minimum of 1 Bond. All cheques/drafts should be in favour of "NABARD " and crossed Account Payee only. The entire amount of Rs. 10 lakhs (Rs. Ten Lakhs only) per denture is payable on application.

Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source on the Bonds. Tax exemption certificate / document / form, under Section 193 of the Income Tax Act, 1961, if any, must be lodged at the Registered Office, at least thirty days before the relevant interest payment becoming due.

Right to Re-purchase and Re-issue the Bonds

This would be as per the prevailing guidelines/regulations of Reserve Bank of India and other statutes.

Record Date

The record date for determining eligibility for interest / principal payments shall be one month before the relevant interest / principal payment date. Interest / Principal will be paid to the person whose name appears in the Register of Bondholders as sole / first Bond holder or as per the list of beneficiaries provided by the Depository as on the record date. In case of delay in lodgment of the instrument of transfer, all claims on interest / principal shall be inter-se between the transferor and transferee.

Letters Of Allotment, Bond Certificates In Demat Mode

The Company will make allotment of Bonds to investors in due course after verification of the application form, the accompanying documents and on realisation of the application money. The allotted Bonds at the first instance will be credited in dematerialised form on Letter of Allotment ISIN (LOA ISIN) within seven days of the Deemed Date of Allotment. After completion of all legal formalities, the Issuer will issue /Credit DP Account of the allottees within 3 months from the Deemed Date of Allotment, or such extended period subject to obtaining approvals, if any.

Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank will recognise the executor or administrator of the deceased Bondholder or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognise such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or

letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity. In case the Bonds are held by person other than individual, the rights in the Bonds will vest with the successor acquiring interest therein, including liquidator or such any person appointed as per applicable laws.

Notices

The notices to the Bond Holders required to be given by the Issuer or the Trustees shall be deemed to have been given if sent by registered post to the sole/first allotted or sole/first registered holder of the Bonds as the case may be.

All notices, communications and writings to be given by the Bond(s) shall be sent by Registered Post or by hand delivery to the Issuer at Registered Office or to such address as may be notified by the Issuer from time to time and shall be deemed to have been received on actual receipts.

Issue Schedule

Offer Opening Date	Issue Opening, Closing and Deemed Date of Allotment for each series would be intimated to the Investors in the respective term sheet.
Offer Closing Date	
Deemed Date of Allotment	

Application for the Bonds

- How to Apply

Applications for the Bonds must be made in the prescribed Bond Application Form attached with respective Term Sheet and must be completed in block letters in English by investors. Bonds Application forms must be accompanied by either a demand draft or cheque drawn or made payable in favour of "**NABARD**". The full amount of the face value of the Bonds applied for has to be paid along with the delivery of the fully completed and executed Bond Application Form together with other applicable documents described below.

Cheques / demand drafts may be drawn on RBI or any bank which is situated and is a member or submember of the Banker's Clearing House located at Mumbai, Calcutta, Chennai, or New Delhi. Investors in centres which do not have any bank which is a member or sub-member of the Banker's Clearing House located at the above mentioned centres will be required to make payments only through demand drafts payable at Mumbai.

The issuer assumes no responsibility for any applications / cheques / demand drafts lost in mail or transit.

Facility for Electronic Fund Transfer (EFT):

Investors can opt for Electronic Fund Transfer (EFT) by indicating the same in the application form. In case of Bond Holders opting for EFT, the interest and the principal amount would be directly credited by or on behalf of the Company in the specified account of the Bond Holders on the due date.

- Who can apply

Only investors who have been addressed through a communication directly are eligible to apply. Furthermore, NRIs (except on non-repatriation basis), OCBs, FIIs and minors are not eligible to apply or hold the Bonds.

- Application by Banks/Corporate Bodies / Mutual Funds / FIs / Trusts / Statutory Corporations.

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association Constitution / Bye-laws / Trust Deed, (ii) Resolution authorizing investment and containing operating instructions, (iii) Specimen signatures of authorized signatories, (iv) Necessary form for claiming exemption from deduction of tax at source on interest on application money. Application made by Asset Management Company or custodian of Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

- Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signatures of all authorised signatories must be lodged along with the submission of the completed Bond Application form. Further modifications/additions in the power of attorney or authority should be delivered to the Issuer at Registered Office.

- Application By Banks

The Reserve Bank of India has vide its Monetary and Credit Policy for the first half of 1997-98 (Ref.No.CPC.BC.162/07.01.279/96-97) clarified that investment by scheduled commercial banks in Preference Shares / Bonds / Bonds of private corporate bodies will be excluded from the limit of 5 per cent of their incremental deposits in the previous year. Thus the 5 per cent ceiling is now applicable only for investments in ordinary shares of Corporates including PSUs.

As per the Annexure 3 of the Master Circular for Exposure Norms dated 13 August 2001 issued by RBI, (DBOD No. Dir.BC. 12/13.03.00/2001-02), investments in equity/bonds of NABARD by SCBs (Scheduled Commercial Banks) are exempt from the 5 per cent ceiling.

- Applications by Primary Co-operative Banks

The RBI vide its Circular dated August 16, 1994 has clarified that the primary co-operative banks can invest their surplus upto 10% of their deposits in bonds of public sector undertakings. Hence these Bonds are eligible securities for investments by primary co-operative banks.

- Application by Regional Rural Banks (RRBs)

The RBI vide its Circular No. RPCD.RRB.BC.882/03.05.34/96-97 dated December 13, 1996 has permitted RRBs to invest their surplus non-SLR funds in bonds of public sector undertakings. RBI has clarified that no ceiling in regard to such investments will apply.

- Application by Provident Funds, Superannuation Funds and Gratuity Funds

The Government of India vide its notification dated March 27, 1997 March 31, 1999 (with effect from April 1, 1997) has clarified that the non-government Provident Funds, Superannuation Funds and Gratuity Funds can invest upto 40% of their investible funds in the bonds / securities of "public sector companies" as defined in Section 2 (36-A) of the Income Tax Act, 1961. The Bonds issued by NABARD are eligible for investments by Provident Funds, Superannuation Funds and Gratuity Funds, subject to compliance of the terms and conditions of their Trust Deeds.

The application must be accompanied by certified true copies of (i) trust deed/bye laws/resolution (ii) resolution authorizing investment (iii) specimen signatures of the authorizing investment (iii) specimen signatures of the authorized signatories

Disclaimer: Please note that only those persons to whom the Information Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an Investor is required to provide all those documents/authorisations/ information, which are likely to be required by the Company. The Company may, but is not bound to revert to any Investor for any additional documents/information, and can accept or reject an application as it deems fit. THE REGULATIONS/NOTIFICATIONS REGARDING INVESTMENT MENTIONED ABOVE ARE MERELY IN THE FORM OF GUIDELINES AND THE COMPANY DOES NOT WARRANT THAT THEY ARE ACCURATE, OR HAVEN'T BEEN MODIFIED. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/ GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS ISSUED BY THEIR RESPECTIVE REGULATORY AUTHORITIES, AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

Right to Accept or Reject Applications

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Bond Application Forms that are not complete in all respects may be rejected at the sole and absolute discretion of the Issuer.

Future Borrowings

The Issuer shall be entitled, from time to time, to make further issue of Bonds, other debt securities (whether senior, pari passu or junior to the Bonds) and other instruments and securities to any person or persons including to the public or a section of the public and / or members of the Issuer and / or to raise further loans, advances and / or avail further financial and / or guarantee facilities from financial institutions, banks and / or any other person (s) without any further approval from or notice to the Bond holders/Bond Trustees.

Governing Laws and Jurisdiction

The Bonds are governed by and will be construed in accordance with the Indian Law and NABARD (Issue and Management of Bonds) Regulations 1987 and further statutory modifications thereof. The Issuer, the Bonds and Issuer's obligations under the Bonds shall, at all times, be subject to the directions of the Reserve Bank of India and Securities & Exchange Board of India. The Bond holders, by purchasing the Bonds, agree that the Mumbai High Court shall have exclusive jurisdiction with respect to matters relating to the Bonds.

Dispatch of Refund Orders

The Company shall ensure that the refund orders, if any, shall be dispatched by registered post. ,

Undertaking by the Issuer Company:

- a. The complaints received in respect of the Issue shall be attended to by the issuer expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchange where the securities are to be listed are taken within 7 working days of finalization of basis of allotment.
- c. No further issue of securities shall be made till the securities offered through this Shelf Information Memorandum are listed or till the application moneys are refunded on account of non-listing.
- d. Necessary co-operation with the credit rating agency shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.
- e. The Bank shall forward the details of utilisation of the funds raised through the Bonds duly certified by the statutory auditors of the company, to the debenture trustees at the end of each half-year.
- f. The Bank shall disclose the complete name and address of the Bond trustee in the annual report.
- g. The Bank shall provide a compliance certificate to the Bond holders (on yearly basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the Shelf Information Memorandum duly certified by the debenture trustee.

XVIII. MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following contracts and also documents for inspection referred to hereunder, may be inspected at the registered office of the company at Mumbai from 11.00 am to 1.00 pm from the date of this Shelf Information Memorandum until the date of closure of this Issue.

❑ MATERIAL CONTRACTS

1. Copy of Agreements with NSDL/CDSL.
2. Letter from IDBI Trusteeship Limited giving their consent to act as Trustees to the issue.
3. Letter from Merchant Banker.

❑ DOCUMENTS

1. NABARD Act, 1981 as amended from time to time
2. Copy of Ratings done in the Last three years.
3. Audited Accounts of the Bank for the quarter ended 31 Dec 2005 and year ended March 31, 2005, 2004, 2003, 2002 and 2001 and the Auditors' Report thereon alongwith the tax opinion, if any.
4. Copy of resolution passed in the Executive Committee of the board in its meeting dated March 31, 2006

5. Copy of application made to BSE.

XXII DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Shelf Information Memorandum is contrary to the provisions of the Companies act, 1956 and Banking Regulation Act, 1949 and rules thereunder:

Signed for and on behalf of NABARD.

(P Satish)
Chief General Manager
Resource Mobilisation Department

Date: 30 May, 2006

Place: Mumbai