

## INDEPENDENT AUDITOR'S REPORT

To,  
**The President of India**  
**Report on the Audited Financial Statements**

### Opinion

We have audited the accompanying Financial Statements of General Fund of "Export-Import Bank of India" ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss account, Statement of Cash flows for the year then ended and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Financial Statements give a true and fair view of the financial position of the Bank as at March 31, 2022, of its financial performance and its cash flows for the year then ended in accordance with the Regulation 14 (i) of EXIM Bank of India General Regulations, 2020 and the accounting principles generally accepted in India.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note No. 28 of the Financial Statements regarding impact of COVID-19 pandemic on the Financials for the year ended 31<sup>st</sup> March 2022. In view of the continuity uncertainties the extent of impact of the global pandemic on the Bank's operations and Financial position would depend on several factors including actions taken to mitigate its impact and other regulatory measures.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr No	Key Audit Matters	How the matter was addressed in our Audit
1	<p><b>Identification of Non-performing advances and provisioning of advances:</b></p> <p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank advances constitute 86.02 % of the total assets and the gross NPA ratio of the Bank is 3.56% as at March 31, 2022.</p> <p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.</p> <p>Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.</p> <p>The Bank has detailed its accounting policy in this regard in Significant</p>	<p><u>We performed the following audit procedures, among others, included:</u></p> <ul style="list-style-type: none"> <li>- Considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms.</li> <li>- Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) around identification of impaired accounts based on the extant guidelines on IRAC.</li> <li>- Examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection.</li> <li>- Reviewing account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors.</li> <li>- Examining the early warning reports generated by the Bank to identify stressed loan accounts.</li> <li>- Holding specific discussions with the management of the Bank where there is perceived credit risk and the steps taken to mitigate the risks.</li> <li>- We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs including the additional disclosures required in accordance with the Regulatory Package and Resolution Framework.</li> </ul>



	<p>accounting policies and notes to accounts under note I (iii) Asset Classification and Provisioning.</p> <p>Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.</p>	<p><u>With respect to provisioning of advances, we performed the following procedures:</u></p> <ul style="list-style-type: none"> <li>- Gained an understanding of the Bank's process for provisioning of advances.</li> <li>- Tested on a sample basis the calculation performed by the management for compliance with RBI regulations and internally laid down policies for provisioning.</li> <li>- For loan accounts, where the Bank made provisions which were not classified as NPA, we reviewed the Bank's assessment for these provisions.</li> </ul>
2	<p><b>Contingent Liability for Income Tax:</b></p> <p>The Bank has material open tax litigations including matters under dispute which involve significant judgment to determine the possible outcome of these disputes.</p> <p>Since the assessment of these open tax litigations requires significant level of judgement, we have included this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- Gained an understanding of the Bank's process for determining tax liabilities and the tax provisions.</li> <li>- Involved external Tax experts to understand the evaluation of likelihood and level of liability for significant tax risks after considering legal precedence, other rulings and new information in respect of open tax positions as at reporting date.</li> <li>- Reviewed the tax demand by referring to supporting documentation, including correspondence with tax authorities.</li> <li>- Assessed the disclosures within the standalone Financial Statements in this regard.</li> <li>- We highlighted the Bank's take on the provisioning of the disputed Income Tax liabilities. Basis the discussion with the Bank and external tax experts, disclosure of Rs.0.50 Bn was made under Contingent Liability for Income Tax.</li> </ul>

### Other Information

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Overall Business Operations, Management and Corporate Governance but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance / conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and,

in doing so, consider whether the other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Annual report, if we conclude that there is a material misstatement therein, then we will communicate the matter to those charged with governance.

### **Other Matters**

The Bank has ten domestic Representative offices (ROs), eight overseas offices and one foreign branch. The financial accounting systems of the Bank are centralized for the Domestic and Overseas Offices. We could visit only 3 domestic ROs and have not been able to visit the other domestic ROs and foreign branch because of COVID-19 Pandemic and have relied on the accounting statements and returns received from the branch/ROs, which are included in these Financial Statements.

The audit review of the Financial Statements of the year ended March 31, 2021, was carried out by previous Independent Auditor of the Bank who have expressed an unmodified opinion on the same vide report dated 18<sup>th</sup> May 2021.

Our opinion on this statement is not modified in respect of this matter

### **Responsibilities of Management for the Financial Statements**

Management of Bank is responsible for the preparation and fair presentation of the Financial Statements in accordance with the provisions of the Act and the Regulations framed thereunder and for such internal controls as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



As part of an audit in accordance with SAs, we exercise professional judgment and maintain Professional Skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

