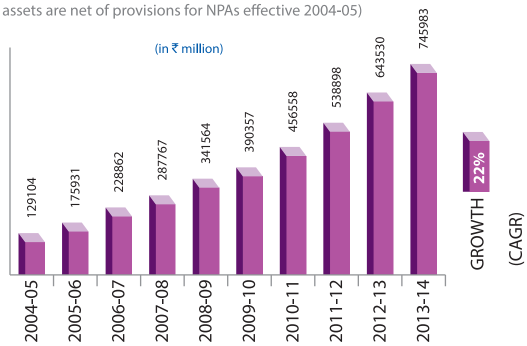
ANNUAL REPORT
2013-14

एक्ज़िम बैंक
EXIM BANK
भारतीय निर्यात-आयात बैंक
EXPORT-IMPORT BANK OF INDIA

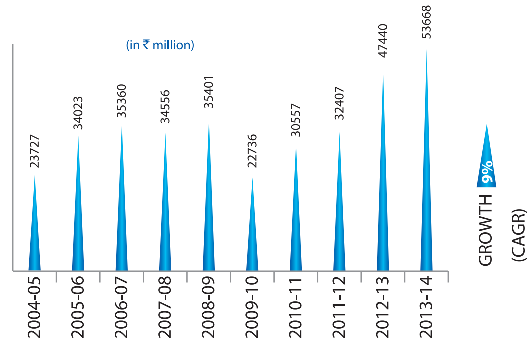
HIGHLIGHTS OF THE PAST DECADE

LOAN PORTFOLIO

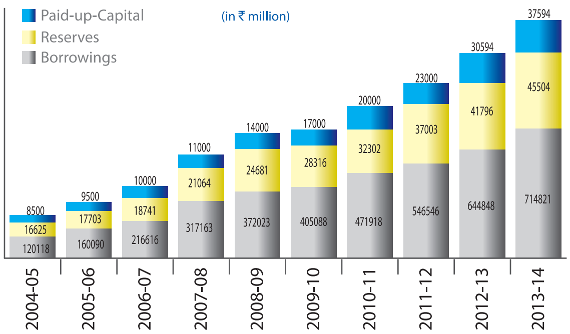
(Loan assets are net of provisions for NPAs effective 2004-05)



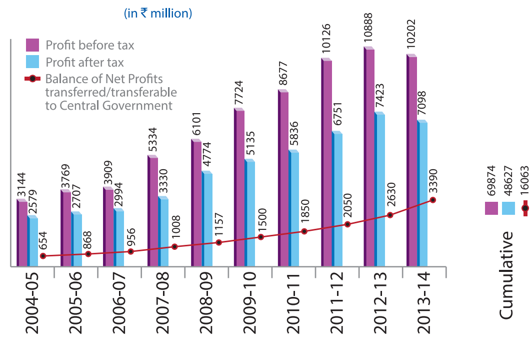
GUARANTEE PORTFOLIO



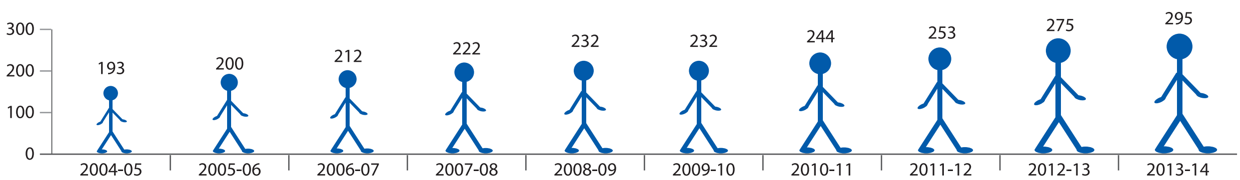
RESOURCES



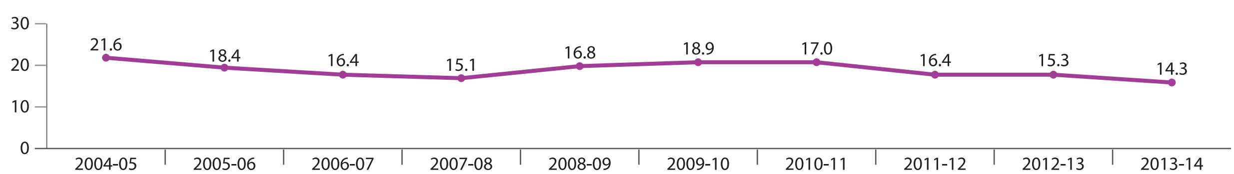
PERFORMANCE



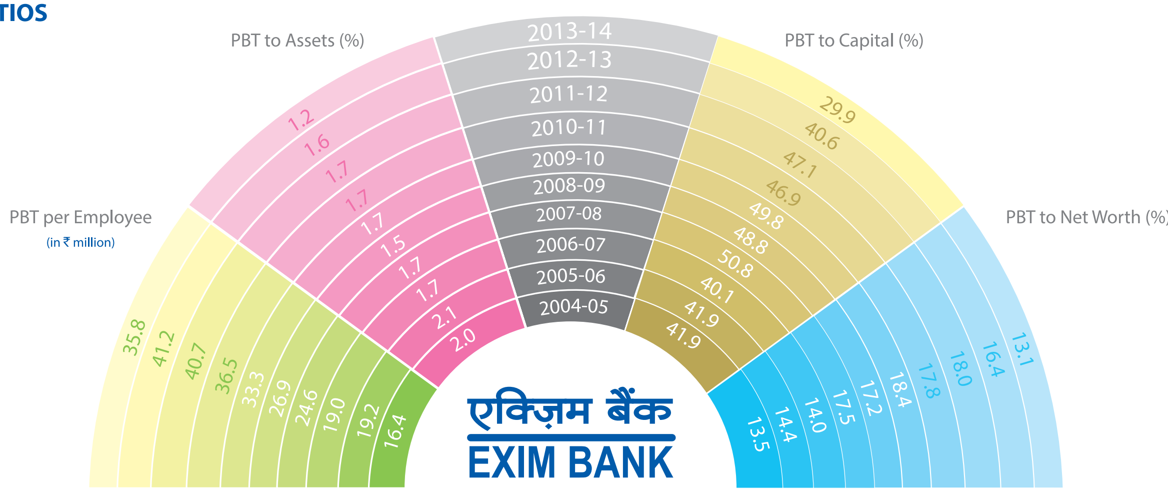
STAFF STRENGTH



CAPITAL TO RISK ASSETS RATIO (%)



RATIOS



CONTENTS

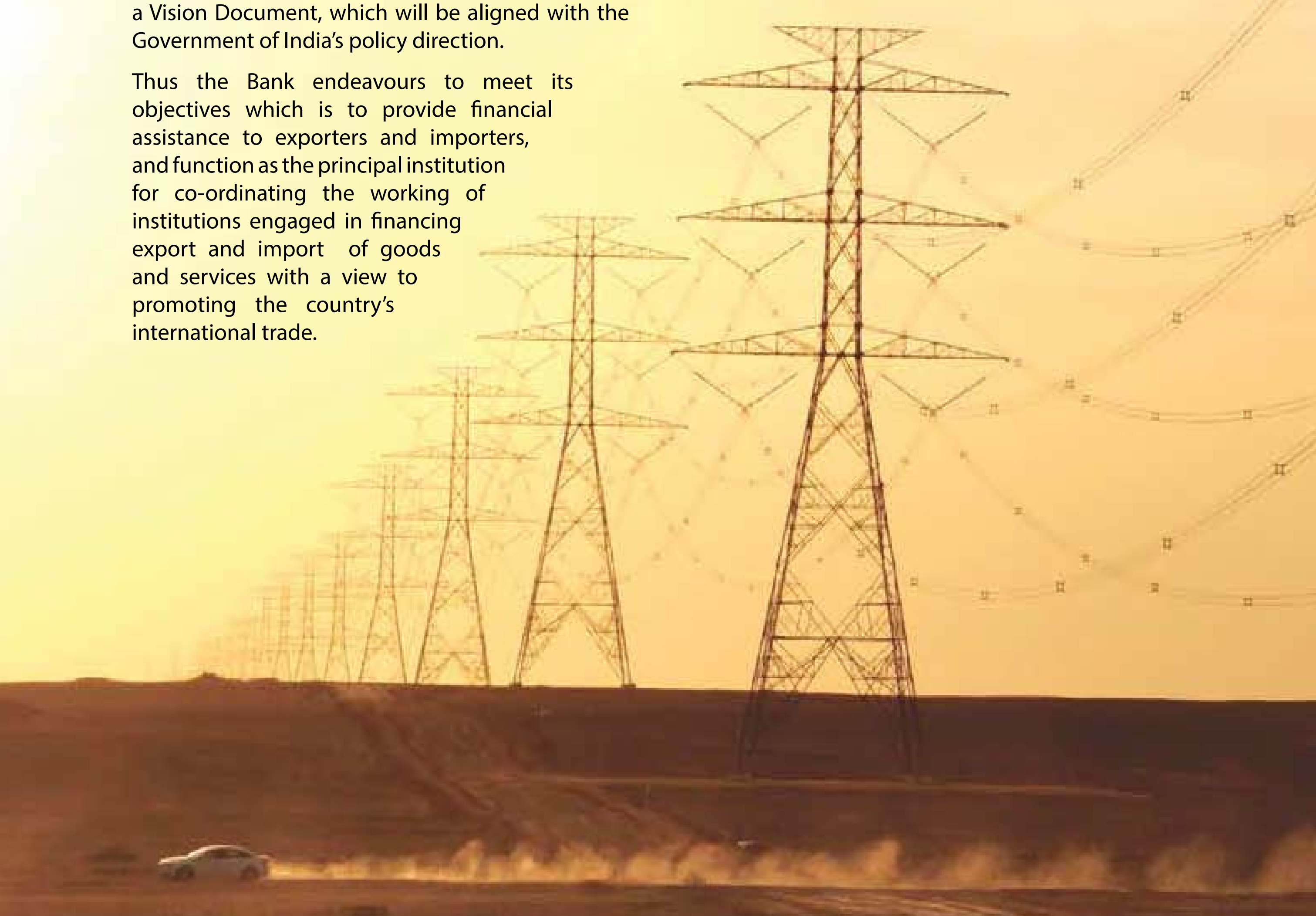
The Theme for this year's Annual Report is Catalysing Exports through Cross Border Linkages

Stronger cross-border linkages are necessary to enhance trade and investment opportunities by expanding the market for final demand, increasing capital accumulation and improving factor productivity. Such cross-border linkages also provide opportunities to capitalise on diverse comparative advantages in a region. Cooperation with multilateral agencies and global players in international finance has assumed increasing importance as a key mechanism for the development agenda of emerging and developing economies.

Export-Import Bank of India since its inception in 1982, has played a catalytic role in ensuring India's increasing integration with the global economy by promoting, financing and facilitating India's international trade and investment. The Bank has also fostered a network of alliances and institutional linkages with a number of multilateral agencies, export credit agencies, banks and financial institutions, trade promotion bodies, and investment promotion boards across a number of developed and developing countries to help create an enabling environment for supporting trade and investment for Indian entrepreneurs. The Asian Exim Banks Forum set up in 1996 to facilitate and enhance intra-Asian trade, and the Global Network of Exim Banks and Development Finance Institutions (G-NEXID), set up in 2006, are milestone initiatives of Exim Bank with the objective of fostering trade and investment cooperation among member countries.

With the encouragement of the Bank's Board for the top management to foster institutional linkages by networking and sharing experiences through exchange of delegations, Exim Bank has entered into several cooperation agreements with various national and international institutions during the year, with a view to further harness institutional linkages. In this regard, the Bank is also in the process of updating a Vision Document, which will be aligned with the Government of India's policy direction.

Thus the Bank endeavours to meet its objectives which is to provide financial assistance to exporters and importers, and function as the principal institution for co-ordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade.



Exim Bank supported KEC International Ltd. in executing an overhead transmission lines project in Riyadh City, Saudi Arabia.

BOARD OF DIRECTORS

Shri Yaduvendra Mathur
Chairman & Managing Director
Export-Import Bank of India

Dr. Gurdial Singh Sandhu
Secretary
Department of Financial Services
Ministry of Finance

Shri Rajeev Kher
Secretary
Department of Commerce
Ministry of Commerce & Industry

Ms Sujata Mehta
Secretary
Economic Relations & DPA
Ministry of External Affairs

Smt Arundhati Bhattacharya
Chairperson
State Bank of India

Shri S. S. Mundra
Chairman & Managing Director
Bank of Baroda

Smt V. R. Iyer
Chairperson & Managing Director
Bank of India

Shri Amitabh Kant
Secretary
Department of Industrial Policy & Promotion
Ministry of Commerce & Industry

Shri G. Padmanabhan
Executive Director
Reserve Bank of India

Shri N. Shankar
Chairman-cum-Managing Director
Export Credit Guarantee Corporation of India Ltd.

Shri M. S. Raghavan
Chairman & Managing Director
IDBI Bank Ltd.

Dr. Biswajit Dhar
Professor of Economics
Jawaharlal Nehru University

Prof. Aditya Bhattacharjea
Professor and Head of the Department of Economics
Delhi School of Economics
University of Delhi

The Indian economy witnessed a slow recovery in 2013-14 with real GDP growth rate increasing to 4.7 per cent from 4.5 per cent on the back of the recovery in agricultural output and rural demand, aided by a strong monsoon during the year, and sustained growth in the services sector.

On the external front, the year 2013 witnessed sluggish growth in global trade, mainly attributed to the lingering impact of the EU recession, high unemployment in Euro area economies, and uncertainty about the timing of the Federal Reserve's winding down of its monetary stimulus in the US. The year recorded flat import demand in developed economies (0.2 per cent) and moderate import growth in developing economies (4.4 per cent). On the export side, both developed and developing economies only managed to record small, positive increases (1.5 per cent for developed economies and 3.3 per cent for developing economies).

In spite of slowdown in global demand, growth in India's exports recovered in 2013-14, after witnessing a decline in the previous year. With a modest growth of 4.1 per cent, India's exports stood marginally higher at US$ 312.6 billion in 2013-14, up from US$ 300.4 billion in the previous year.

India's imports, on the other hand, declined by 8.3 per cent during 2013-14 to US$ 450.1 billion, largely reflecting fall in non-oil imports by 12.8 per cent.It may be noted that the policy of restricting gold imports in August 2013 by the RBI had its desired impact. Imports of gold, which stood at US$ 53.8 billion in 2012-13, were reduced by 46.3 per cent in 2013-14 to US$ 28.9 billion. Of the decline in total imports of US$ 40.6 billion in 2013-14, decline in gold imports accounted for over 60 per cent (US$ 24.9 billion). Accordingly, the trade deficit for 2013-14 narrowed to US$ 137.5 billion, compared to US$ 190.3 billion during 2012-13.

BUSINESS INITIATIVES

The Bank supported 75 project export contracts aggregating to ₹ 341.3 billion secured by 40 Indian companies in 35 countries, reflecting the capabilities of Indian corporates to secure and execute a diverse range of projects. As on March 31, 2014, 319 project export contracts valued at ₹ 1403.2 billion supported by the Bank were under execution, in 74 countries across Asia, Africa and USA by 99 Indian companies. During the year, the Bank also extended Buyer's Credit facility to 27 overseas companies to facilitate exports from India.

Buyer's Credit under the Government of India's National Export Insurance Account (BC-NEIA), which was recently launched in conjunction with the Export Credit Guarantee Corporation of India Ltd. to promote project exports from India, has made steady progress. The Bank has so far sanctioned an aggregate amount of US$ 1.4 billion for 11 projects valued at US$ 2.67 billion under BC-NEIA. The Bank has also given in-principle commitments for supporting several projects and the current active pipeline includes projects aggregating US$ 6.5 billion under BC-NEIA.

During the year, 24 new LOCs aggregating US$ 1.77 billion were extended by the Bank to support export of projects, goods and services from India. As on March 31, 2014, the Bank had in place 189 LOCs covering 75 countries in Africa, Asia, CIS, Europe and Latin America with credit commitments aggregating US$ 10.3 billion.

With Indian companies having established themselves as global investors, the Bank provides impetus to such outward-oriented corporates. The Bank assisted 55 corporates for part financing their overseas investments in 22 countries.

The Bank plans to set up a Project Development Company in Africa, which will essentially look to bring infrastructure projects in Africa to a bankable stage and facilitate exports from India to Africa. This is a new initiative Exim Bank has taken.

During the year, the Bank formed a new joint venture, viz. Bharat Handloom Marketing Company Ltd. (BHMCL) in association with the National Handloom Development Corporation Ltd. and the Association of Corporations and Apex Societies of Handlooms. BHMCL has been incorporated as a public limited company under the Companies Act, 1956 to carry out the business of promotion and marketing of handloom and handicraft products both at the domestic and global levels.

During the year, the Bank raised foreign currency resources aggregating US$ 3.2 billion equivalent through a variety of instruments, different investor bases and across various geographies. In March 2014, the Bank issued 5.5-year US$ 500 million Eurodollar bonds, which are included in the Emerging Market Bond Index. In fact, Exim Bank is the first Indian entity to be included in the Emerging Market Bond Index. The Bank raised US$ 171 million equivalent in April 2013 by way of issue of Uridashi Bonds (a bond denominated in a foreign currency and sold directly to Japanese household investors) in three different currencies viz., Turkish Lira, Japanese Yen and Mexican Peso thereby achieving diversification of investor base. In July 2013, the Bank followed up with another issue of Uridashi Bonds of US$ 148 million equivalent. The Bank has now tapped the Uridashi Bond market on three occasions and continues to be the only Indian entity in this market.

The Bank continued its endeavours to support globalisation of rural industries through the Grassroots Business Initiatives.

Research studies brought out by the Bank have focused on India's trade and investment potential with Africa, Southern African Development Community, Latin America and the Caribbean, Cambodia, Lao PDR, Myanmar, Vietnam, Gulf Cooperation Council, France, United Kingdom, Germany and Russia, while sector studies have focused on mapping the potential of the Indian Ceramic Industry, Indian Horticulture and India's Hi-Tech exports as well as cross-country comparison on labor laws. Another study on the theme of "The Effects of Financial Openness: An Assessment of the Indian Experience" was also published.

The Asian Exim Banks Forum was conceived and initiated by Export-Import Bank of India in 1996. In October 2013, the Nineteenth Annual Meeting of the Forum was held at Wuyishan, China, with the theme "Reinforcing Regional Cooperation & Connectivity in a Challenging Global Environment". The meeting provided a platform for exchange of ideas/information amongst the members on the role played by respective Exim Banks in the areas of co-financing of green projects, resource raising and training. I am happy to announce that Export-Import Bank of India would be hosting the Twentieth Annual Meeting of the Forum during November 2014. The theme of the forum would be "Evolving Role & Relevance of Asian Exim Banks – Path to 2020".

Towards fostering institutional linkages, the Bank has signed memoranda of understanding with several key institutions in India and abroad, including UK Trade and Investment, in order to exchange information to boost cooperation particularly between SMEs from India and the UK, helping them to locate suitable JV and trade partners; Small & Medium Business Development Chamber of India, to facilitate trade and investment among the SMEs in India and abroad; Visveswaraya Trade Promotion Centre, a Government of Karnataka owned institution, for conducting various skill building programmes for exporters; Women on Wings, The Netherlands, with an objective to create one million jobs for women in rural India by 2018; National Centre for Design and Product Development, with an objective of product development of Indian handicraft items; World Craft Council, to cooperate in areas through which Indian grassroots / social enterprises and crafts could be supported; International Trade Centre, Geneva to help increase enterprise and sector competitiveness and promote capacity-building in trade intelligence, including market research and analysis.

BUSINESS RESULTS

Strong fundamentals of the Bank have been reflected in the Bank's business performance. Gross loan assets amounted to ₹ 758.7 billion, registering an increase of 16 percent over the previous year, while loan approvals stood at ₹ 482.6 billion. Profit before tax stood at ₹ 10.2 billion, compared to ₹ 10.9 billion in the previous year, while profit after tax amounted to ₹ 7.1 billion, as against ₹ 7.4 billion in the previous year. Capital to Risk Assets Ratio stood at a healthy 14.3 per cent, while net NPAs to net loan asset ratio was at 0.43 per cent. During the year, the Bank received capital of ₹ 7 billion from the Government of India. As on March 31, 2014, the Bank's total resources, including paid-up capital of ₹ 38 billion and reserves of ₹ 45 billion, aggregated to ₹ 798 billion. As on March 31, 2014, the Bank was rated Baa3 by Moody's, BBB- by Standard & Poor's, BBB- by Fitch Ratings, and BBB+ by Japan Credit Rating Agency. All the above ratings are of investment grade or above and are the same as the sovereign rating.

INSTITUTIONAL INTERACTIONS

We value the relationships, both structured and informal, with agencies and institutions involved in promotion of trade and investment which have served to supplement the various endeavours of the Bank. CII, FICCI, ASSOCHAM, FIEO, EEPC, PHDCCI, Project Exports Promotion Council of India, Indo-EU Chambers of Commerce, other Export Promotion Councils, Chambers of Commerce and Economic Research Institutes have been a valuable source of learning and support for us. The Bank has also received strength and value from interaction with industry, banks, financial institutions, Export Credit Guarantee Corporation of India Ltd., various Ministries of Government of India, particularly the parent Ministry of Finance, Reserve Bank of India, and Indian Missions overseas.

BOARD OF DIRECTORS

There have been changes on the Board of the Bank.

Shri M.S. Raghavan, Chairman and Managing Director, IDBI Bank Ltd.; Smt. Arundhati Bhattacharya, Chairperson, State Bank of India; Shri Rajeev Kher, Secretary, Government of India, Department of Commerce, Ministry of Commerce & Industry; Ms. Sujata Mehta, Secretary (Economic Relations & DPA), Government of India, Ministry of External Affairs; Shri Amitabh Kant, Secretary, Government of India, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry; Dr. Gurdial Singh Sandhu, Secretary, Government of India, Department of Financial Services, Ministry of Finance, were appointed as Directors on the Board.

T C A Ranganathan
Chairman & Managing Director
(upto November 29, 2013)

Shri R.M. Malla, Chairman and Managing Director, IDBI Bank Ltd.; Dr. Raghuram G. Rajan, Chief Economic Adviser, Government of India, Department of Economic Affairs, Ministry of Finance; Shri Pinak Ranjan Chakravarty, Secretary (Economic Relations), Government of India, Ministry of External Affairs; Shri Pratip Chaudhuri, Chairman, State Bank of India; Shri S.R. Rao, Secretary, Government of India, Department of Commerce, Ministry of Commerce and Industry; Shri Saurabh Chandra, Secretary, Government of India, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry; Shri Rajiv Takru, Secretary, Government of India, Department of Financial Services, Ministry of Finance, relinquished their directorships consequent upon completion of their term or change in office. The Bank gratefully acknowledges their invaluable contributions as Directors.

Anurag Jain
Chairman & Managing Director
(upto February 19, 2014)

My colleagues on the Board and I would like to express our appreciation for the distinguished and valuable services rendered by Shri T.C.A. Ranganathan during his tenure as Chairman and Managing Director and the guidance and support extended by him, which have helped the Bank to achieve considerable progress. We would also like to place on record our gratitude for the guidance and support extended by Shri Anurag Jain, Joint Secretary (Financial Inclusion and CVO), Government of India, Ministry of Finance, Department of Financial Services, who took over additional charge as CMD, during the intervening period.

I must acknowledge the high level of commitment and dedication displayed by the staff of the Bank to the pursuit of business growth and new initiatives and for carrying the Bank's mission forward.

Yaduvendra Mathur

Chairman & Managing Director
Export-Import Bank of India

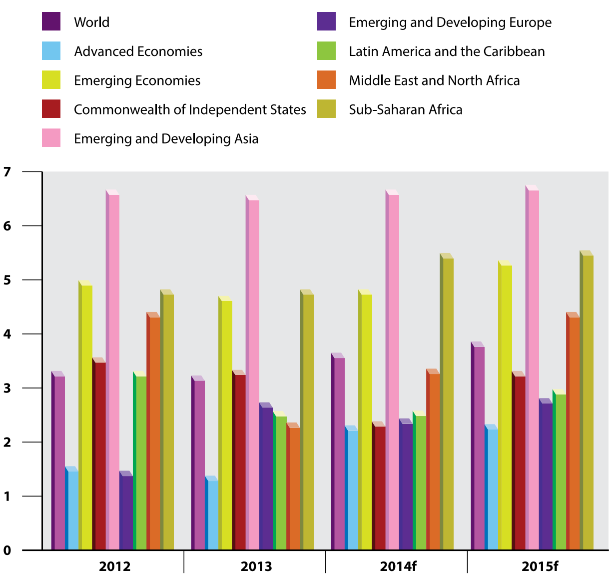
Economic Environment

Exim Bank provided financial suport for wind turbines installed by Suzlon Wind Energy South Africa (PTY) Ltd.

GLOBAL ECONOMY

According to the International Monetary Fund (IMF)'s World Economic Outlook (WEO), April 2014, global growth averaged 3.6 per cent in the second half of 2013, a marked pick-up from the 2.6 per cent recorded during the first half of the year. This impulse has come primarily from advanced economies, whereas emerging markets witnessed modest growth. This strengthening of output among advanced countries marks a significant shift from recent years when developing countries alone pulled the global economy forward. However, for 2013 as a whole, global growth was recorded at 3 per cent, compared to 3.2 per cent seen in 2012.

Growth in World Output (in per cent)



Source: *World Economic Outlook (WEO), April 2014, IMF*
f: Forecasts

WORLD TRADE

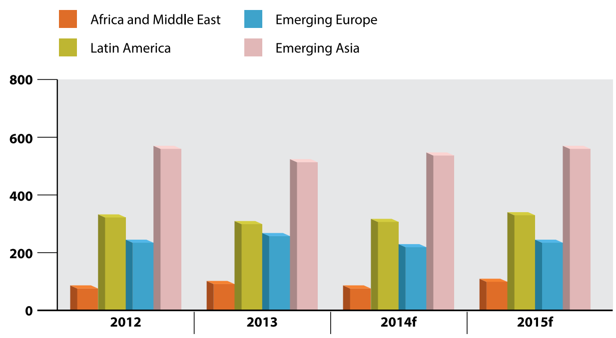
According to the World Trade Organisation (WTO), global merchandise trade grew at a sluggish pace of 2.1 per cent in 2013, attributed to the lingering impact of the EU recession, high unemployment in Euro area economies (Germany being a notable exception), and uncertainty about the timing of the Federal Reserve's winding down of its monetary stimulus in USA. World merchandise trade is expected to grow by a modest 4.7 per cent in 2014.

According to the IMF, global exports of goods and services are estimated at US$ 23.1 trillion in 2013, implying a rise of 2.4 per cent over the previous year's total of US$ 22.5 trillion. The world trade prices of non-fuel primary commodities contracted by 1.2 per cent in US$ terms in 2013 as against a contraction of 10 per cent in 2012. Oil prices also lost momentum and contracted by 0.9 per cent in 2013.

PRIVATE CAPITAL FLOWS IN EMERGING MARKET ECONOMIES

Net private inflows to emerging economies declined to an estimated US$ 1,119 billion in 2013, as compared to US$ 1,231 billion in the preceding year. A significant retrenchment was observed in the first half of 2013 after the US Federal Reserve signalled the start of tapering of asset purchases by end-year.

Private Capital Flows in Emerging Markets (US$ billion)

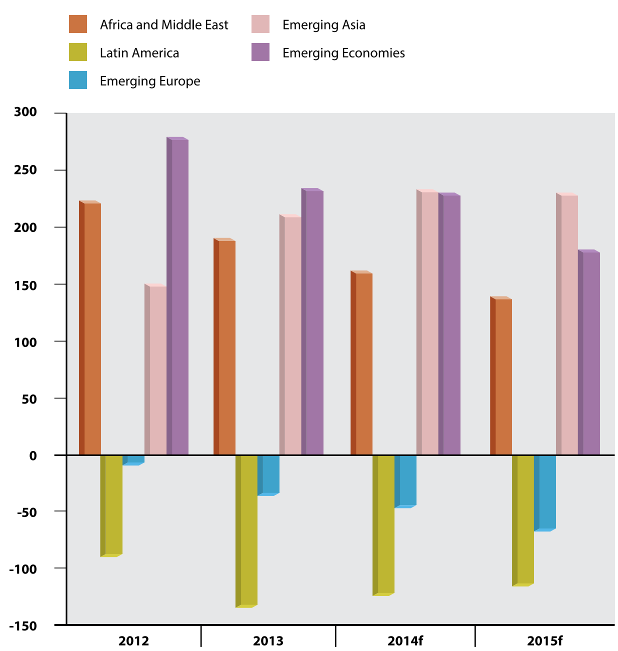


Source: *Capital Flows to Emerging Market Economies, January 2014, IIF*
f: Forecasts

CURRENT ACCOUNT BALANCE OF EMERGING MARKET ECONOMIES

While the Current account surplus of the emerging economies eased in 2013 as compared to the previous year, in emerging Latin America and Emerging Europe current account deficit worsened.

Current Account Balance of Emerging Market Economies (US$ billion)

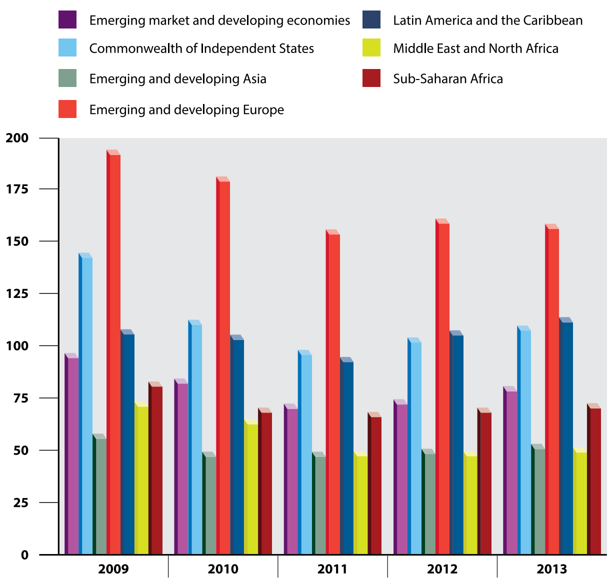


Source: *Capital Flows to Emerging Market Economies, January 2014, IIF*
f: Forecasts

EXTERNAL DEBT OF EMERGING ECONOMIES

External debt of emerging and developing economies, as a percentage of their exports of goods and services, increased in 2013 as compared to 2012. Overall, the debt-service payments ratio of the emerging and developing economies increased to 27.3 per cent in 2013 from 25.7 per cent in 2012.

External Debt of Emerging Economies (per cent of exports of goods and services)



Source: *World Economic Outlook (WEO), April 2014, IMF*

INDIAN ECONOMY

The Indian economy recovered in 2013-14 after witnessing a slowdown in the previous year. Real GDP growth rate increased to 4.7 per cent during 2013-14, compared to 4.5 per cent in the preceding year. Growth was mainly on the back of the recovery in the agricultural sector, strong growth in the services sector, and a decline in trade deficit.

Agriculture

Indian agricultural sector rebounded during 2013-14, with a growth rate of 4.7 per cent as compared to the sluggish 1.4 per cent rate of growth achieved during the previous year. The share of agriculture and allied sectors in GDP, however, marginally increased to 14 per cent in 2013-14, from 13.9 per cent recorded in the previous year.

Industry

As per data from the Central Statistical Organisation (CSO), the growth of the industrial sector, which stood at 1 per cent in 2012-13, is estimated to have moderated to 0.4 per cent in 2013-14. Among the sub-sectors, mining and quarrying and manufacturing contracted by 1.4 per cent and 0.7 per cent, respectively, while electricity, gas and water supply, and construction registered a growth of 5.9 per cent and 1.6 per cent, respectively. Accordingly, the share of Industry in GDP declined to 26.1 per cent in 2013-14 as compared to 27.3 per cent recorded in 2012-13.

Services

The services sector remained the dominant sector in 2013-14. Services sector growth is estimated to have moderated to 6.8 per cent in 2013-14 from 7 per cent in the previous year, mainly reflecting deceleration in the growth rate of trade, hotels, transport and communication. The share of the services sector in GDP in 2013-14, however, stood higher at 59.9 per cent, as compared to a share of 58.8 per cent in 2012-13.

Infrastructure

The eight infrastructure and core industries, viz. coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel (alloy + non-alloy), cement and electricity, registered lower growth rate during 2013-14, averaging 2.6 per cent, as compared to 6.5 per cent recorded in the previous year.

Inflation

The annual rate of inflation, based on monthly Wholesale Price Index, stood lower at 5.9 per cent during 2013-14 as compared to 7.4 per cent during the previous year.

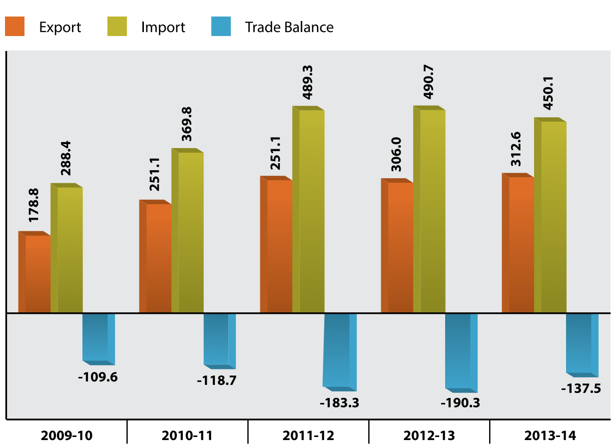
Capital Markets

India's foreign investment inflows during 2013-14 stood at US$ 28.7 billion, a fall from US$ 46.7 billion in 2012-13. Net portfolio investment in India decreased sharply to US$ 4.9 billion in 2013-14 from US$ 26.9 billion during 2012-13. This may be attributed to the sharp decrease in the inflow of funds by Foreign Institutional Investors (FIIs) from US$ 27.6 billion during 2012-13 to US$ 5 billion in 2013-14.

Foreign Trade and Balance of Payments

India's merchandise exports during 2013-14 grew by 4.1 per cent to US$ 312.6 billion, from US$ 300.4 billion recorded during 2012-13. India's merchandise imports during 2013-14 amounted to US$ 450.1 billion, registering a decline of 8.3 per cent from US$ 490.7 billion during 2012-13. Overall, the trade deficit for 2013-14 narrowed to US$ 137.5 billion, from US$ 190.3 billion during 2012-13. With regard to the commodity composition of India's main exports in 2013-14, all major commodity groups except gems and jewellery, electronic goods, plantation, and ores and minerals, registered a positive growth during the year.

Trends in India's Merchandise Trade (US$ billion)

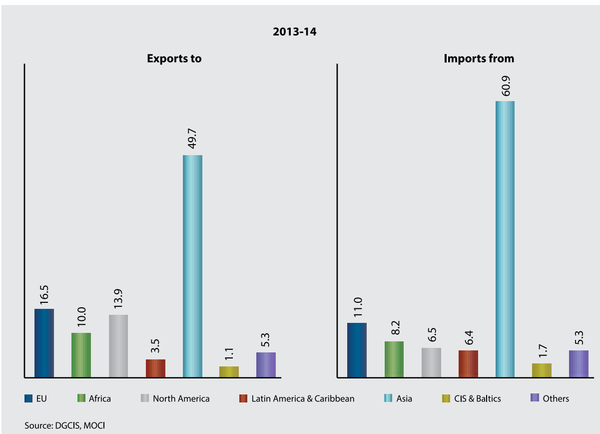


Source: *RBI, DGCIS, MOCI*

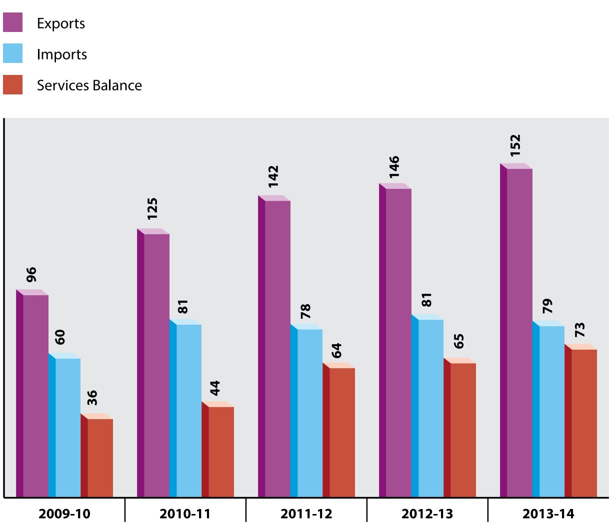
India's net invisibles surplus increased to US$ 85.8 billion during 2013-14 as against US$ 80.3 billion during the corresponding period of 2012-13, mainly due to higher increase in invisible receipts relative to payments in absolute terms. The increase in invisibles surplus was mainly driven by a rise in services surplus and secondary income surplus.

Services exports recorded a marginal growth of 4 per cent to US$ 151.5 billion during 2013-14, as against US$ 145.7 billion during the corresponding period of 2012-13.

Direction of India's Merchandise Trade (in per cent)



Trends in India's Services Trade (US$ billion)



Source: *RBI, Services trade data from 2009-10 is as per the new RBI BoP format, based on the IMF's BPM6 standards.*

Contraction in the trade deficit, coupled with a rise in net invisibles receipts, resulted in a reduction of the current account deficit to US$ 32.4 billion (1.7 per cent of GDP) in 2013-14 from US$ 87.8 billion (4.8 per cent of GDP) in 2012-13.

Gross foreign direct investment inflows into India stood at US$ 36.4 billion in 2013-14 as against US$ 34.3 billion recorded in 2012-13. Net inflows under the capital and financial account (excluding change in foreign exchange reserves) declined to US$ 48.7 billion in 2013-14 from US$ 89.0 billion in corresponding period of 2012-13 owing to net outflows on account of portfolio investment, higher repayment of loans, and trade credit & advances.

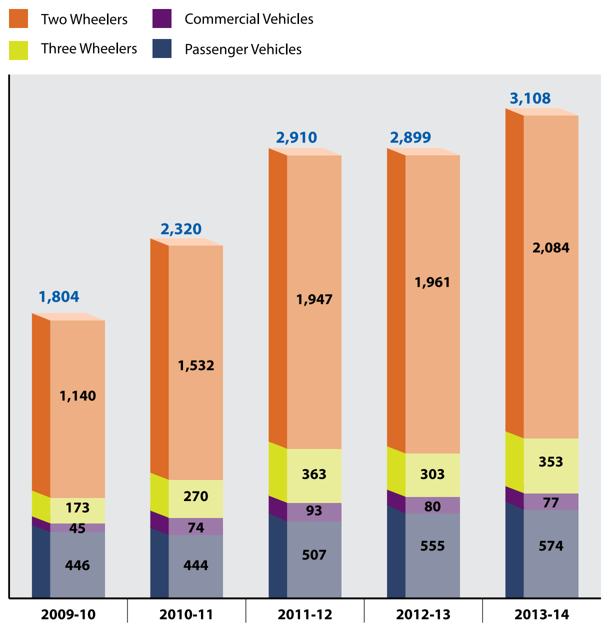
India's foreign exchange reserves increased to US$ 304.2 billion as on end-March, 2014, from US$ 292.0 billion as on end-March 2013. India's external debt, which stood at US$ 404.9 billion on end-March 2013 increased to US$ 426 billion as on end-December 2013. The increase in external debt by around US$ 21.2 billion has been due to increase in long-term debt component.

PERFORMANCE OF SELECT SECTORS

Automotives

The performance of the automobile sector in 2013-14 was fairly modest in terms of volume (number of vehicles), with production growing by 4 per cent and sales by 3.5 per cent; exports performed better registering an increase of 7.2 per cent, compared to the previous year.

Export of Automobiles from India (in Thousands)



Source: *SIAM*

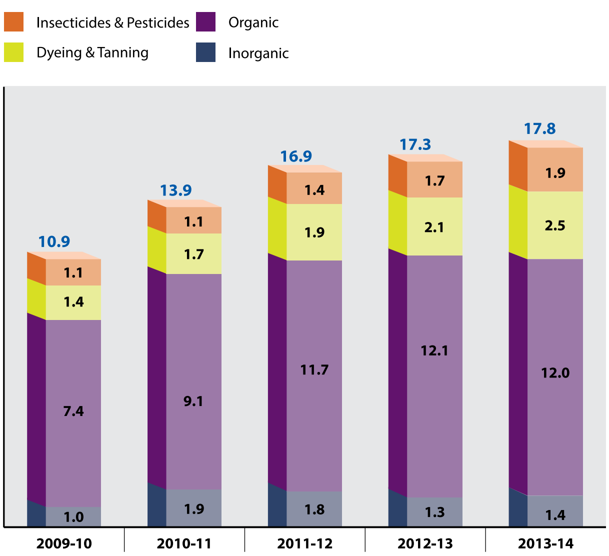
A significant increase in the export orientation of the sector, from 7.3 per cent in 2004-05 to 14.5 per cent in 2013-14, has resulted in the sector being affected by volatility in international demand. On the positive side, this increased export orientation attests to the increasing international competitiveness of domestically manufactured vehicles. Currently, India has the sixth largest automobile industry after China, the US, Germany, Japan and Brazil. The spurt in the number of MNCs foraying into the Indian market bears testimony not only to the potential of the domestic market but also to the capability of the country to act as a manufacturing hub to serve the overseas market.

The relatively modest growth across various segments of the automobile industry is reflected in the performance of the auto component manufacturers. The turnover of the auto component industry in 2012-13 was US$ 39.7 billion with growth in 2013-14 expected to be only modest, at best. However, the performance of the sector on the export front has been better with auto component exports standing at US$ 9.3 billion in 2012-13, a year-on-year growth of 8.6 per cent, and projected to cross US$ 30 billion by 2020-21. A major proportion of exports of auto components are accounted by Europe, followed by Asia and North America.

Chemicals

The chemicals industry is a significant contributor to India's national economic growth. The size of the Indian chemicals industry is estimated to have reached around US$ 108 billion in 2013, accounting for approximately 3 per cent of the global chemical industry. In terms of total value added (at constant 2000 prices), the Indian chemical industry was the fifth largest in the world, and second largest in Asia, after China.

Export of Major Chemicals from India (US$ billion)



Source: *Ministry of Chemicals*

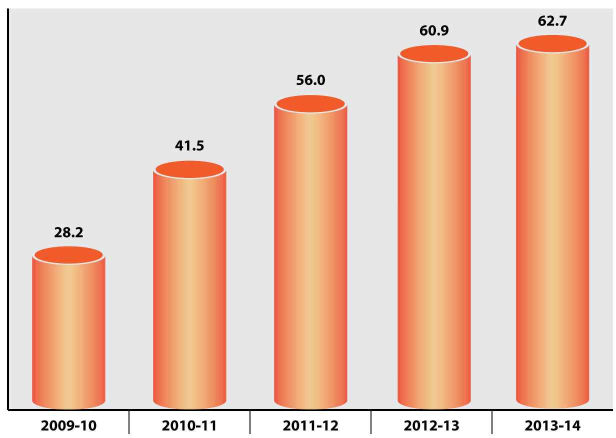
In terms of exports, chemical and related products witnessed a year-on-year growth of 5.4 per cent during 2013-14 to reach US$ 43.7 billion. This was significantly higher than the growth in the country's overall exports, which registered a growth of 4 per cent during the same period. Exports of chemicals (including organic, inorganic, tanning and dye extracts, other chemical products) for 2013-14 stood at US$ 17.8 billion.

Foreign direct investment (FDI) in the chemical industry and trade between parent firms and their subsidiaries is increasingly becoming significant for the sector. The Indian chemical industry was among the top 10 sectors attracting the highest cumulative FDI inflows (US$ 9.8 billion) during the period 2001 to 2014 with a share of over 5 per cent in total FDI inflows (US $ 217.7 billion) into India.

Petroleum Products

The petroleum and natural gas sector, which includes exploration, refining and marketing of petroleum products and gas, constitutes over 15 per cent of India's GDP. According to the Petroleum Planning and Analysis Cell, production of petroleum products by refineries and fractionators stood at 222.3 million metric tons (MMT) during the period 2013-14, as compared to 218.8 MMT in the previous year.

Export of Petroleum Products from India (US$ billion)



Source: *MOCI*

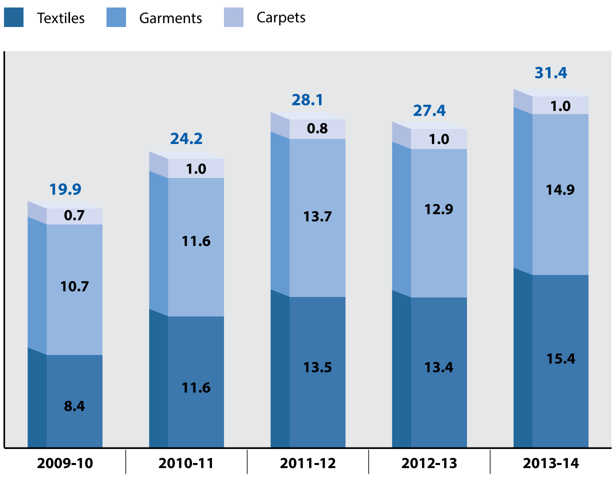
With substantial increase in refining capacity in India, exports of petroleum products have picked up since 2005-06 although the slowdown in global economy has affected the exports in recent years. Due to the weak global demand, exports of petroleum products witnessed only a marginal growth of 3 per cent during the period 2013-14, to reach a level of US$ 62.7 billion. The share of petroleum products exports in total exports has witnessed a consistent increase from 15.7 per cent in 2009-10 to 20.1 per cent in 2013-14.

Textiles and Garments

The textiles and garments industry through its contribution to industrial output, employment and exports, plays a critical role in the Indian economy. The industry is estimated to account for 4 per cent of national GDP and about 10 per cent of the country's exports.

India accounted for 5.3 per cent of world textile exports and held 3.3 per cent share in world clothing exports, during 2012-13. During 2013-14, textiles and readymade garments exports (including carpets) from India amounted to US$ 31.4 billion, showing a y-o-y growth of 14.9 per cent over the previous year. During this period, exports of readymade garments, cotton yarn and fabrics and manmade textiles grew by 15.5 per cent, 18.1 per cent and 12.9 per cent, respectively.

Export of Textiles and Garments from India (US$ billion)

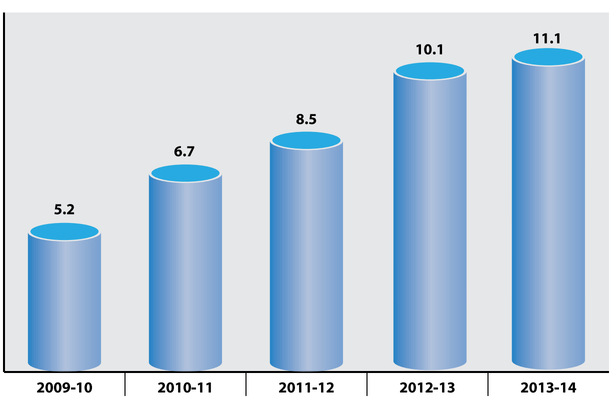


Source: *MOCI*

Pharmaceuticals

Indian pharmaceutical companies have not been affected much by the global slowdown, largely because of cost advantages in production. Notwithstanding this, performance on the export front has been rather modest; exports of pharmaceutical products (ITC HS Code 30) increased by a healthy 18.2 per cent in 2012-13 over the previous year to aggregate to US$ 10.1 billion. The exports of pharmaceutical products have registered a CAGR of 18.6 per cent during the period 2008-09 to 2012-13, from US$ 5.1 billion in 2008-09 to US$ 10.1 billion in 2012-13.

Export of Pharmaceutical Products from India (US$ billion)



Source: *MOCI*

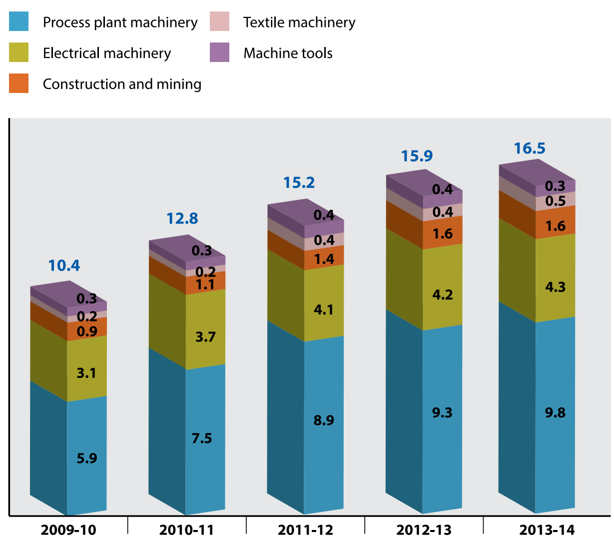
USA, with a share of 30.7 per cent was the predominant destination for pharmaceutical exports from India. Other major export destinations for India's pharmaceutical products included Russia (share of 5.6 per cent), UK (3.8 per cent), South Africa (3.5 per cent) and Nigeria (2.9 per cent). Since 2011-12, several African countries, such as South Africa, Nigeria, Kenya and Ghana, have emerged as important markets for Indian pharmaceutical products. These African countries have replaced countries such as Ireland, Brazil and Vietnam as significant markets for Indian pharmaceutical products.

Capital Goods

The capital goods industry is a strategic sector for India's manufacturing sector. Some of the prominent capital goods produced in India include heavy electrical machinery, textile machinery, machine tools, earthmoving and construction equipment including mining equipment, road construction equipment, printing machinery, dairy machinery, industrial refrigeration, and industrial furnaces. In 2013-14, the capital goods industry recorded a year-on-year decline of 3.7 per cent.

During 2013-14, capital goods exports grew by 4.4 per cent over the corresponding period of the previous year to reach US$ 16.6 billion. Imports of capital goods in 2013-14 registered a negative year-on-year growth of 11.2 per cent as compared to the corresponding period in the previous year.

Export of Capital Goods from India (US$ billion)



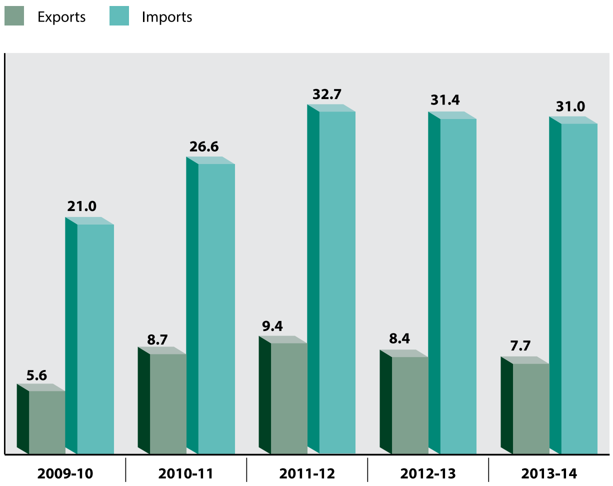
Source: *MOCI*

Electronics

The Indian electronic goods sector has been among the fastest growing sectors in the recent past. However, in 2013-14, India's exports of electronics registered a year-on-year decline of 9 per cent to aggregate US$ 7.7 billion, accounting for 2.5 per cent of the country's total exports. Imports of electronics during 2013-14, were valued at

US$ 31 billion. In spite of dismal growth rates in the last year, overall CAGR during 2009-10 to 2013-14 remained strong at 8.1 per cent and 10.3 per cent for India’s electronics exports and imports, respectively.

India's Trade in Electronics (US$ billion)



Source: *DGCIS*

During 2013-14, major export destinations for Indian electronic goods were USA (13.7 per cent share), UAE (12.4 per cent), the Netherlands (6.1 per cent), China (4.5 per cent), and Germany (4.4 per cent). In the case of imports, China was the predominant source, accounting for 51.7 per cent of India’s total imports of electronics goods. Other major source countries were South Korea (5.4 per cent), USA (5.2 per cent), Malaysia (5.1 per cent), Singapore (4.9 per cent), and Germany (3.3 per cent).

Food Processing

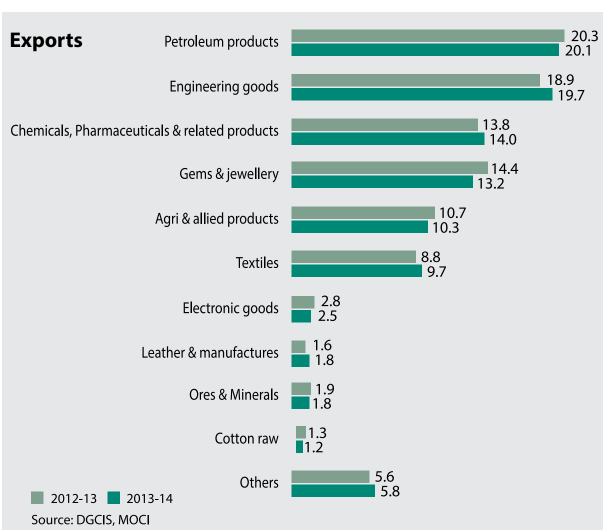
The food processing sector is one of the major sectors in India in terms of production, growth, consumption, and export, and has been accorded a priority status by the Government of India. The value of the food processing industry in India stood at US$ 121 billion in 2013 and is projected to grow with a CAGR of 10 per cent to reach US$ 194 billion by 2015. India's food processing sector covers fruit and vegetables, spices, meat and poultry, milk and milk products, alcoholic and non-alcoholic beverages, fisheries, plantation, grain processing and other consumer product groups like confectionery, chocolates and cocoa products, soya-based products, mineral water, and high protein foods.

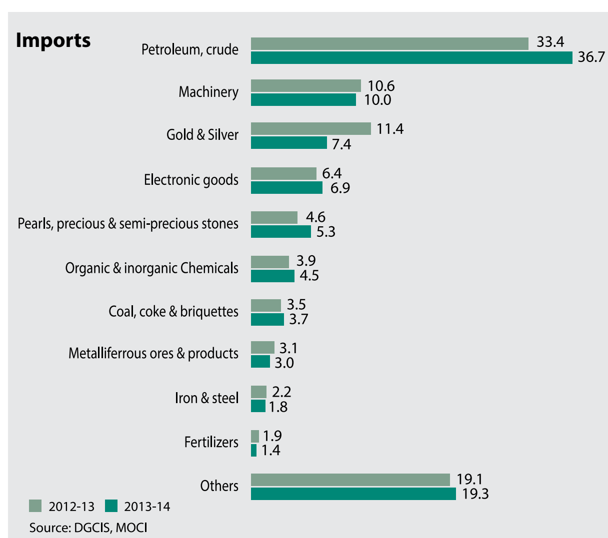
The export of processed foods has been displaying a rising trend. The exports have increased at a CAGR of 10.9 per cent and the value of exports rose from US$ 1.8 billion in 2008-09 to US$ 2.8 billion in 2012-13. The exports of meat and preparations have exhibited considerable growth and the value of exports have risen from US$ 1.2 billion in 2008-09 to US$ 3.3 billion in 2012-13. According to the provisional data from Ministry of commerce, the export of processed foods and meat during the year 2013-14 was valued at US$ 3.4 billion and US$ 4.5 billion respectively.

Export of Processed Foods and Meat from India (US$ billion)

Source: *MOCI*
p: Provisional

Composition of India's Merchandise Trade (in per cent)





MAJOR POLICY CHANGES DURING 2013-14

CREDIT POLICY

- Repo rate changed, in phases, from 7.5 per cent in March 2013 to 8 per cent in January 2014. Reverse repo rate also stood automatically adjusted.
- Total amount of funds available to a bank under the Liquidity Adjustment Facility was capped at 0.50 per cent of the individual bank's Net Demand and Time Liabilities.
- Limit of bank loans to Micro and Small Service Enterprises engaged in providing or rendering of services increased from ₹ 2 crore to ₹ 5 crore per borrower/unit.

TRADE POLICY

- Minimum area requirement for Special Economic Zones (SEZs) reduced to half to fulfill the contiguity norms, and sectoral broad-banding introduced to set up additional units in a sector specific SEZ.
- To support IT exports, minimum land requirement for setting up an IT/ITES SEZ removed. Transfer of ownership of SEZ units, including sale permitted.
- Zero duty EPCG Scheme and concessional 3 per cent duty EPCG scheme were harmonized and zero Duty EPCG scheme extended to cover all sectors.
- Quantum of specific Export Obligation for domestic sourcing of capital goods under EPCG authorizations reduced by 10 per cent.
- Rate of interest subvention for credit on existing sectors increased to 3 per cent and was extended up to March 2014.
- Incremental Exports Incentivisation Scheme extended to 2013-14, with addition of 53 Latin American and African countries.
- Forty-seven new items and 2 new countries added to Market Linked Focus Product Scheme, which is extended till March 31, 2014.
- Around 126 new items added to the Focus Product Scheme list and two new items added in the Vishesh Krishi and Gram Udyog Yojana Scheme.
- Under the 80:20 scheme, nominated banks /agencies/entities are allowed to import gold on condition that 20 per cent of every lot of gold imported to the country is made available exclusively for the purpose of exports.

INVESTMENT POLICY

Foreign Direct Investment

- In single-brand retail, FDI up to 49 per cent will be under the automatic route and beyond that through the Foreign Investment Promotion Board route.
- The government raised FDI caps in several sectors: 100 per cent in telecom from the current 74 per cent; 100 per cent in Asset Reconstruction Company from 74 per cent and 74 per cent in Credit Information Companies from 49 per cent.

Foreign Institutional Investment

- FII limit for investment in G-Secs further enhanced to US$ 30 billion. Existing FII sub-limit of US$ 3.5 billion for Commercial Paper, out of US$ 51 billion limit of corporate bond, reduced to US$ 2 billion.
- Foreign Portfolio Investors allowed to invest in credit enhanced bonds, up to a limit of US$ 5 billion within the overall limit of US$ 51 billion earmarked for corporate debt.

External Commercial Burrowing (ECB) Norms

- ECB permitted for refinancing of Rupee loans for infrastructure sector to the extent of 25 per cent of fresh ECBs.
- NHB/ housing finance companies permitted to avail ECBs for financing prospective owners of low cost / affordable housing units.
- Rate of withholding tax reduced from 20 per cent to 5 per cent on interest payment on ECBs.
- Eligible borrowers permitted to avail of ECB under the approval route from their foreign equity holder company with minimum average maturity of 7 years for general corporate purposes.
- RBI included import of services, technical know-how and payment of license fees as part of import of capital goods by the companies for the use in the manufacturing and infrastructure sectors as permissible end uses of ECB under the automatic / approval route.
- ECB in Renminbi discontinued.

STATISTICAL SNAPSHOT OF THE INDIAN ECONOMY

INDICATORS	2009-10	2010-11	2011-12	2012-13	2013-14
GDP (at current prices, US$ bn)	**1365.4**	**1708.5**	**1880.3**	**1858.7[e]**	**1871.8[f]**
Real GDP Growth (%)	**8.6**	**8.9**	**6.7**	**4.5[e]**	**4.7[e]**
Sectoral Share in GDP (%)					
Agriculture & allied activities	14.6	14.6	14.4	13.9[e]	14.0[e]
Industry	28.3	27.9	28.2	27.3[e]	26.1[e]
Services	57.1	57.5	57.4	58.8[e]	59.9[e]
Inflation rate (WPI, annual avg. %)	**3.8**	**9.6**	**8.9**	**7.4**	**5.9**
Gross Fiscal Deficit (% of GDP)	**6.5**	**4.8**	**5.7**	**4.9**	**4.6[e]**
Exchange Rate (₹/US$, avg.)	47.4	45.6	47.9	54.4	60.10[#]
Exchange Rate (₹/Euro, avg.)	67.1	60.2	65.9	70.1	82.58[#]
Exports (US$ bn)	**178.8**	**251.1**	**306.0**	**300.4**	**312.6**
% change	-3.5	40.5	21.8	-1.8	4.1
Oil Exports (US$ bn)	**28.2**	**41.5**	**56.0**	**60.9**	**62.7**
% change	2.3	47.2	34.9	8.7	3.0
Non-oil Exports (US$ bn)	**150.6**	**209.6**	**250.0**	**239.5**	**249.9**
% change	-4.6	39.2	19.3	-4.2	4.3
Imports (US$ bn)	**288.4**	**369.8**	**489.3**	**490.7**	**450.1**
% change	-5.1	28.2	32.3	0.3	-8.3
Oil Imports (US$ bn)	**87.1**	**106.0**	**155.0**	**164.0**	**165.1**
% change	-7.0	21.6	46.2	5.9	0.7
Non-oil Imports (US$ bn)	**201.2**	**263.8**	**334.3**	**326.7**	**284.9**
% change	-4.2	31.1	26.7	-2.3	-12.8
Trade Balance (US$ bn)	**-109.6**	**-118.7**	**-183.3**	**-190.3**	**-137.5**
Services Exports (US$ bn)*	**96.0**	**124.6**	**142.3**	**145.7**	**151.5**
Software Exports (US$ bn)*	49.7	53.1	62.2	65.9	69.5
Services Imports (US$ bn)*	**60.0**	**80.6**	**78.2**	**80.8**	**78.5**
Services Balance (US$ bn)*	**36.0**	**44.0**	**64.1**	**64.9**	**73.0**
Current Account Balance (US$ bn)*	**-38.4**	**-47.9**	**-78.2**	**-87.8**	**-32.4**
CAB as percentage of GDP (%)	-2.8	-2.8	-4.2	-4.8	-1.7
Forex Reserves (US$ bn)	**279.1**	**304.8**	**294.4**	**292.0**	**304.2**
External Debt (US$ bn)	260.9	317.9	360.8	404.9	426.0^
External Debt to GDP Ratio (%)	18.2	18.2	20.5	21.8	23.3^
Short Term Debt / Total Debt (%)	20.1	20.4	21.7	23.9	21.8^
FDI (US$ bn)	**37.7**	**34.8**	**46.6**	**34.3**	**36.4**
GDRs/ADRs (US$ bn)	3.3	2.0	0.6	0.2	0.02
FIIs (net) (US$ bn)	29.0	29.4	16.8	27.6	5.0
FDI Outflows (US$ bn)	**15.1**	**16.5**	**10.9**	**7.1**	**7.9**

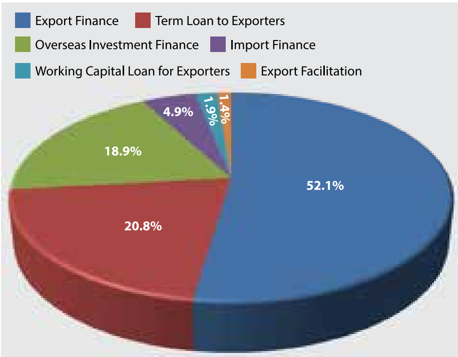
p -EAC, GOI's Projections; e -estimates; f- Forecasts; *- Data from 2009-10 onwards is given by RBI as per new format of standard presentation of BoP statistics based on guidelines set out in IMF Balance of Payment Manual; # - Data as on March 28, 2014; ^ - Data as on end December 2013

Sources: Economic Survey, Various issues; Union Budget, RBI Monthly Bulletin, Annual Report & Weekly Statistical Supplement; Ministry of Finance; CSO; Ministry of Commerce & Industry; Institute of International Finance (IIF).

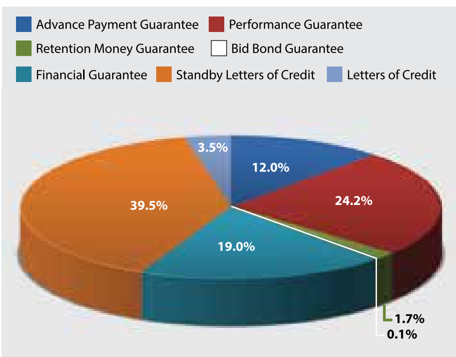
Directors' Report

Board of Directors meeting in progress.

Total Loan Assets: ₹ 758.73 billion



Non Funded Portfolio: ₹ 94.27 billion



The Directors are pleased to present the report of the working of the Bank with the audited Balance Sheet and accounts for the year ended March 31, 2014.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Loan Assets

The Bank approved loans aggregating ₹ 482.64 billion under various lending programmes as against ₹ 419.19 billion during 2012-13. Loan disbursements during 2013-14 were ₹ 432.62 billion as against ₹ 406.35 billion during 2012-13, while loan repayments during 2013-14 amounted to ₹ 374.57 billion, as against ₹ 326.07 billion in 2012-13. Gross loan assets as on March 31, 2014 were ₹ 758.73 billion, registering an increase of 16 per cent over the previous year. Rupee loans and advances accounted for 35 per cent of the total loan assets as on March 31, 2014 while the balance 65 per cent were in foreign currency. Short-term loans accounted for 12 per cent of the total loans and advances as on March 31, 2014.

Non-funded Facilities

During the year, the Bank sanctioned guarantees aggregating ₹ 40.64 billion as against ₹ 58.07 billion in 2012-13. Guarantees issued during 2013-14 amounted to ₹ 17.07 billion as against ₹ 29.38 billion in 2012-13. Guarantees in the books of the Bank as on March 31, 2014 were ₹ 53.67 billion as against ₹ 47.44 billion as on March 31, 2013 and Letters of credit as on March 31, 2014 amounted to ₹ 40.60 billion as against ₹ 29.82 billion as on March 31, 2013.

Income/Expenditure

The Bank registered profit before tax of ₹ 10.20 billion on account of General Fund during 2013-14 as against a profit of ₹ 10.89 billion for the year 2012-13. After providing for income tax of ₹ 3.10 billion, profit after tax amounted to ₹ 7.10 billion during 2013-14 as against ₹ 7.42 billion during 2012-13. Out of this profit, an amount of ₹ 1.54 billion is transferred to Reserve Fund. In addition, the Bank has transferred ₹ 0.12 billion to Sinking Fund and ₹ 2.05 billion to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961. The balance of ₹ 3.39 billion will be transferred to Government of India (GOI) as provided in the Exim Bank Act.

Profit before tax of the Export Development Fund during 2013-14 was ₹ 47.09 million as against ₹ 46.60 million during 2012-13. After providing for tax of ₹ 16 million, the post tax profit amounted to ₹ 31.09 million as against ₹ 31.48 million during 2012-13. The profit of ₹ 31.09 million is carried forward to next year.

Business income including interest on loans, exchange, commission, brokerage and fees, etc. during 2013-14 was ₹ 50.55 billion as compared to ₹ 42.47 billion in 2012-13. Investment income, interest on bank deposits etc. during 2013-14 was ₹ 22.21 billion as compared to ₹ 17.33 billion in 2012-13. Interest expenses in 2013-14 at ₹ 47.44 billion were higher by ₹ 5.76 billion mainly due to the increase in borrowings. Administrative expenses as a per cent of total expenses (excluding provisions for contingencies) worked out to 2.22 per cent during 2013-14 as against 2.17 per cent during 2012-13.

Borrowings

Total borrowings of the Bank at ₹ 714.82 billion as on March 31, 2014, were higher by 11% compared to total borrowings of ₹ 644.85 billion as on March 31, 2013.

Rupee Resources

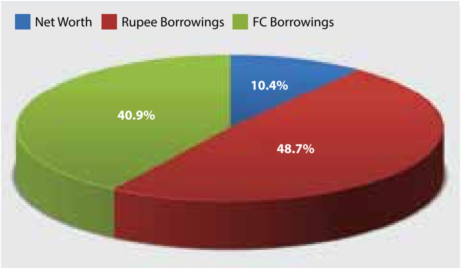
During the year, the Bank received capital of ₹ 7 billion from the Government of India (GOI). As on March 31, 2014, the Bank's total resources including paid-up capital of ₹ 38 billion and reserves of ₹ 45 billion, aggregated to ₹ 798 billion. Exim Bank's resource base includes bonds, certificates of deposit, commercial paper, term deposits, term loans and foreign currency deposits/borrowings/long-term swaps. IDBI Trusteeship Services Ltd.; the debenture trustees can be contacted on itsl@idbitrustees.co.in. During the year, the Bank raised borrowings of varying maturities comprising rupee resources of ₹ 226.54 billion and foreign currency resources of ₹ 192.38 billion equivalent. Foreign currency resources of US$ 1.74 billion equivalent were raised through bonds, bilateral/club/syndicated loans and US$ 1.47 billion by way of Buy-Sell swaps/on-shore deposits. As on March 31, 2014, the Bank had a pool of foreign currency resources equivalent to US$ 8.51 billion and outstanding Rupee borrowings including bonds and commercial paper of ₹ 388.82 billion. As on March 31, 2014, market borrowings constituted 100 per cent of the total borrowings and 90 per cent of the total resources of the Bank.


Return on Capital of ₹ 2.63 billion for financial year 2012-13 being handed over to the Central Government.

Foreign Currency Resources

During 2013-14, the Bank raised foreign currency resources aggregating US$ 3.21 billion equivalent. The Bank issued 5.5-year US$ 500 million Eurodollar bonds in March, 2014. These bonds are included in the Emerging Market Bond Index. The Bank raised US$171 million equivalent in April 2013 by way of issue of Uridashi Bonds (a bond denominated in a foreign currency and sold directly to Japanese household investors) in three different currencies viz., Turkish Lira, Japanese Yen and Mexican Peso thereby achieving diversification of investor base and currency. In July 2013, the Bank followed up with another issue of Uridashi Bonds of US$ 148 million equivalent. The Bank has now tapped the Uridashi Bond market on three occasions and continues to be the only Indian entity in this market. During 2012-13, the Bank had signed an agreement for a long term loan of Euro 150 million equivalent with tenor of upto 20 years with the European Investment Bank. The purpose of the loan is to support projects that contribute to climate change mitigation. The Bank has drawn EUR 40 million (US$ 54.44 million) in December 2013. The Bank also drew the balance amount of US$ 70 million of the US$ 100 million Asian Development Bank loan in November 2013. The Bank has a Euro Medium Term Note Programme of US$ 6 billion of which an amount of US$ 3.98 billion equivalent has been issued upto March 31, 2014. So far, the Bank has raised FC resources in diverse currencies including United States Dollars, Japanese Yen, Swiss Francs, Euros, Australian Dollars, South African Rand, Singapore Dollars, Turkish Lira and Mexican Peso.

Total Resources: ₹ 798 billion



Asset Quality

As per RBI prudential norms for Financial Institutions a credit/loan facility in respect of which interest and/or principal has remained overdue for more than 90 days, is defined as a Non-Performing Asset (NPA). The Bank's gross NPAs at ₹ 15.96 billion as on March 31, 2014, worked out to 2.10 per cent of the total loans and advances. The Bank's NPAs (net of provisions) of ₹ 3.21 billion as on March 31, 2014, were at 0.43 per cent of loans and advances (net of provisions) as on March 31, 2014. The Provision Coverage Ratio (PCR) as on March 31, 2014, was 81.34 per cent.

Asset Classification

'Sub-standard assets' are those where interest and/or principal remains overdue for more than 90 days. Sub-standard assets that have remained as NPAs for a period exceeding 12 months are classified as 'doubtful assets.' 'Loss assets' are those considered uncollectable. Out of gross NPAs at 2.10 per cent, sub-standard assets worked out

Out of gross NPAs at 2.10 per cent, sub-standard assets worked out to 1.24 per cent, doubtful assets worked out to 0.86 per cent, while there were no loss assets. Net NPAs at 0.43 per cent of net loans and advances as on March 31, 2014, are entirely towards sub-standard assets, while doubtful assets have been fully provided for.

Capital Adequacy

The Capital to Risk Assets Ratio (CRAR) was 14.32 per cent as on March 31, 2014, as compared to 15.28 per cent as on March 31, 2013, as against a minimum 9 per cent norm stipulated by RBI. The Debt-Equity Ratio as on March 31, 2014 was 8.60:1, as compared to 8.91:1 as on March 31, 2013.

Exposure Norms

Reserve Bank of India (RBI) has prescribed credit exposure limits for all-India term lending institutions, at 15 per cent of the financial institutions' capital funds, effective from March 31, 2002, for exposure to individual borrowers and at 40 per cent for group borrowers. An additional exposure upto 5 per cent (i.e. a total exposure upto 20 per cent of capital funds of the Financial Institution for Single Borrowers and 45 per cent of capital funds for Borrower Groups) can be taken in exceptional circumstances, with the prior approval of the Board. The exposure ceilings for individual borrowers and borrower groups can be exceeded by an additional five percentage points (i.e. 5 per cent of total capital funds) and ten percentage points (i.e. 10 per cent of total capital funds) respectively (over and above the maximum limits of 20 per cent and 45 per cent respectively), provided the additional credit exposure is on account of infrastructure projects in India. The Bank's credit exposures to single and group borrowers as at March 31, 2014 were within the limits stipulated by RBI. There was 1 borrower as on March 31, 2014 for whom exposure over 15 per cent of capital funds was assumed with the approval of the Board/Management Committee. Exposure to this borrower as on March 31, 2014 stood at 18.60 per cent of the capital funds of the Bank.

RBI has advised Financial Institutions to adopt internal limits on exposures to specific industry sectors so that the exposures are evenly spread over various sectors. The industry exposure limits adopted by the Bank for each industry sector are 15 per cent of the Bank's credit exposure to all industry sectors. The Bank's exposure to a single industry sector was not more than 15 % per cent of its total exposure as at March 31, 2014.

International and Domestic Rating

As on March 31, 2014, the Bank was rated Baa3 (Stable) by Moody's, BBB- (Negative) by Standard & Poors, BBB- (Stable) by Fitch Ratings and BBB+ (Negative) by Japan Credit Rating Agency (JCRA). All the above ratings are of investment grade or above and are the same as the sovereign rating. The Bank's domestic debt instruments continued to enjoy the highest rating viz. 'AAA' rating from the rating agencies, CRISIL and ICRA.

In a dynamic and challenging environment, the Bank played a catalytic role in financing, facilitating and promoting India's international trade and investment. The Bank's business operations are classified under the following heads:

I. **Exim Bank as Financier of Exports**

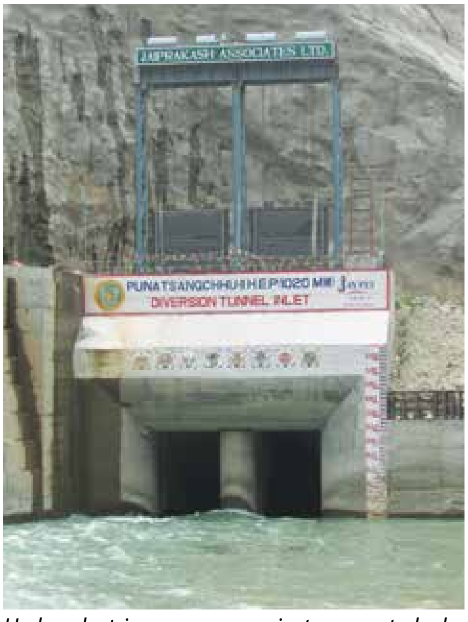
II. **Exim Bank as Facilitator of Exports**

III. **Exim Bank as Promoter of Exports**

IV. **Exim Bank's Institutional Infrastructure**

Exim Bank provided financial support for transmission lines installed by Kalpataru Power Transmission Ltd. in Ukraine.

Transmission lines set up by KEC International Ltd. in Tunisia, with support from Exim Bank.



Hydro-electric power project executed by Jaiprakash Associates Ltd. in Bhutan, with support from Exim Bank.

PROJECTS, PRODUCTS AND SERVICES EXPORTS

The Bank provides a range of export credit services like finance for export of projects and consultancy services, capital equipment finance, export project cash-flow deficit finance and guarantees. The Bank is equipped to offer a comprehensive financing package to Indian project exporters including funded support and project related guarantee facilities. (*For more details, please write to: peg@eximbankindia.in)*

Export Contracts

During FY 2013-14, 75 contracts amounting to ₹ 341.31 billion covering 35 countries were secured by 40 Indian exporters, as against 85 contracts worth ₹ 242.55 billion covering 38 countries, secured by 47 Indian exporters during FY 2012-13.

The contracts secured during the year comprised 48 turnkey contracts valued at ₹ 153.39 billion, 11 construction contracts valued at ₹ 184.02 billion, 4 supply contracts valued at ₹ 1.05 billion and 12 technical consultancy & services contracts valued at ₹ 2.85 billion. Some major project contracts supported during the year included :

- Contract for design, construction and commissioning of package 2 of the Riyadh Metro Project, Saudi Arabia, being executed by Larsen & Toubro Ltd. This is the largest ever contract secured by an Indian Company.
- Contract for Design and Construction of Gold line Underground Metro being executed by Larsen & Toubro Ltd.;
- Sub-contract for design, manufacture, erection, testing and commissioning of 360 MW Bheramara Combined Cycle Power Plant Development Project in Bangladesh, being executed by Larsen & Toubro Ltd.;
- Balance of Plant contract for setting up 4X125 MW open cycle gas based power plant at Al Nasiriya, Iraq for Ministry of Electricity, Government of Iraq, being executed by BGR Energy Systems Ltd.;
- Contract for design, construction, installation, commissioning, and testing of Border Infrastructure Project in Sultanate of Oman, being executed by Engineering Projects (India) Ltd.;
- Contract for 380 kV D/C Overhead Transmission Line and construction of Gas Insulated Line station in Saudi Arabia, being executed by KEC International Ltd.

Supply contracts secured during the year included those for agricultural processed foods, auto components, copper wire, coated steel pipes, gold jewellery, diamond & studded jewellery, engineering goods, fabricated steel, heavy/light commercial vehicles, garments, steel wire, steel wire ropes, roping stands, software, polyester yarn, water cannons, furnace oil, fuel oil, base oil, hydraulic drilling equipments, and ancillary crafts with other accessories.

Export Credits and Guarantees

During the year, the Bank approved loans aggregating ₹ 148.78 billion by way of supplier's credit, buyer's credit, and finance for project exports as against ₹ 176.05 billion during the previous year. Disbursements amounting to ₹ 176.87 billion were made during the year, as compared to ₹ 208.26 billion during the previous year.

Guarantees sanctioned and issued during the year amounted to ₹ 40.64 billion and ₹ 17.07 billion respectively, as against ₹ 58.07 billion and ₹ 29.38 billion during the previous year. These guarantees pertain to overseas projects in sectors such as power generation, transmission and distribution, infrastructure development and export obligation guarantees.

Buyer's Credit

Buyer's Credit is a unique programme of Exim Bank under which, the Bank facilitates Indian exports by way of extending credit facility to overseas buyers for financing their imports from India. Under Buyer's Credit programme, Exim Bank makes payment of eligible value to Indian exporters, without recourse to them. Buyer's Credit is a safe, non-recourse financing option available to Indian exporters, especially to small and medium enterprises, which motivates them to enter overseas markets.

During 2013-14, the Bank extended Buyer's Credit facility aggregating ₹ 22.27 billion to 27 overseas companies. Disbursements under Buyer's Credit Programme aggregated ₹ 24.60 billion for exports to countries that include Argentina, Bangladesh, Benin, Brazil, Cote d'Ivoire, Germany, Ghana, Guatemala, Jordan, Kazakhstan, Kenya, Kuwait, Malaysia, Mozambique, Nigeria, Saudi Arabia, Senegal, Singapore, South Africa, Tanzania, Thailand, Uganda, UAE, USA, Yemen and Zambia. The products exported under Buyer's Credit included transport vehicles and auto spare parts, engineering goods, IT services, fruits and vegetables, rice, other agro-based products and commodities, plain and studded gold / diamond jewellery, steel wires and wire rods, fuel & furnace oil, tyres and yarn etc. Several exporters from small and medium enterprises were beneficiaries under the Buyer's Credit Programme, receiving non-recourse payment.

The Bank has laid strong emphasis on enhancing India's project exports, the funding options for which have been strengthened with the introduction of the Buyer's Credit under GOI's National Export Insurance Account (BC-NEIA) programme. BC-NEIA is a unique financing mechanism that provides a safe mode of nonrecourse financing option to Indian exporters and serves as an effective market entry tool to traditional as well as new markets in developing countries, which need deferred credit on medium or long term basis. The response to the programme has been encouraging. The Bank has sanctioned an aggregate amount of US$ 1.4 billion for 11 projects valued at US$ 2.6 billion, including the supply, erection and commissioning of a Water Treatment Plant and distribution to reservoirs across the Dambulla region in Sri Lanka; setting up a 187 km (132 KV) power transmission line from Lusaka to Luangwa along with distribution network and three 132 KV substations in Zambia; setting up of an integrated LPG and Bitumen Storage Facility at the Beira Port in Mozambique; and Plant and Design – Build Contract for Civil and Mechanical & Engineering Works for the Aluthgama, Mathugama and Agalawatta Integrated Water Supply

Voltas Ltd. executed a supply, installation, testing & maintenance project for a residential tower and office tower under Central Market Redevelopment Project in Abu Dhabi, UAE, with support from Exim Bank.

Signing of agreement for Line of Credit of US$ 89.90 million extended to the Republic of Congo.

An Information Technology Park constructed by Jaguar Overseas Ltd. utilizing the Lines of Credit extended to the Government of Mozambique.

The National Assembly Building Complex constructed by Shapoorji Pallonji & Co. Ltd. under the Lines of Credit extended to the Republic of Gambia.

Acquisition of Heritage Pharma Inc, a New Jersey-based generic pharmaceutical company by Emcure Pharmaceuticals Ltd., with support from Exim Bank.

Project in Sri Lanka. The Bank has also given in-principle commitments for supporting 54 projects with an aggregate value of US$ 7.43 billion under BC-NEIA.

Lines of Credit

Exim Bank extends Lines of Credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries to import developmental and infrastructure projects, equipments, goods and services from India, on deferred credit terms. Indian exporters can obtain payment of eligible value from Exim Bank, without recourse to them, against negotiation of shipping documents. (*For more details, please write to eximloc@eximbankindia.in)*

During the year, the Bank extended 24 LOCs, aggregating US$ 1.77 billion, to support export of projects, goods and services from India. LOCs extended by Exim Bank during the year include LOCs to the Governments of Benin, Burundi, Ethiopia, Gabon, Honduras, Lao PDR, Liberia, Mauritius, Mozambique, Myanmar, Nicaragua, Niger, Republic of Congo, Rwanda, Senegal, Sudan, Vietnam and Zimbabwe. These LOCs will finance and catalyse exports by way of financing projects such as upgradation of water supply schemes in villages, farm mechanization, railways, rehabilitation and upgradation of broad-casting facilities, power transmission and distribution, rural drinking water, potable water facilities for semi-urban and rural communities, rehabilitation of roads, construction of houses, solar electrification, irrigation and irrigation infrastructure and sugar plants. One hundred and eighty nine LOCs, covering 75 countries in Africa, Asia, CIS, Europe and Latin America, with credit commitments aggregating US$ 10.03 billion are currently available for utilisation, while a number of prospective LOCs are at various stages of negotiation.

BUILDING EXPORT COMPETITIVENESS

The Bank operates a range of financing programmes aimed at enhancing the export competitiveness of Indian companies. A variety of financing services are offered to Export-Oriented Units importers, and for overseas investment by Indian companies. The financing programmes cater to the term loan requirements of Indian exporters for financing their new projects, expansion, modernization, purchase of equipment, R&D, overseas investments and also the working capital requirements. During 2013-14, Exim Bank sanctioned loans aggregating ₹ 225.54 billion under programmes for enhancing export competitiveness. Disbursements amounted to ₹ 207.70 billion under these programmes. *(For more details, please write to: cbg@eximbankindia.in)*

Loans to Export Oriented Units

During the year, the Bank approved term loans of ₹ 47.39 billion to 42 export-oriented units. Disbursements amounted to ₹ 36.55 billion. Under the Production Equipment Finance Programme, 15 exporting companies were sanctioned ₹ 5.35 billion for financing acquisition of production equipment. Disbursements amounted to ₹ 2.22 billion. Five companies were sanctioned long-term working capital loans aggregating ₹ 3.05 billion. Disbursements amounted to ₹ 2.69 billion.

Technology Upgradation Fund Scheme (TUFS)

Exim Bank is one of the nodal agencies appointed by GOI, Ministry of Textiles, to establish and approve the eligibility of projects under TUFS, and release subsidy directly to the approved projects. As on March 31, 2014, the Bank has accorded approval for 206 projects with aggregate cost of ₹ 160.02 billion. Loans approved and disbursed aggregated ₹ 52.83 billion and ₹ 31.91 billion respectively. The Bank's assistance under TUFS to the textile industry is spread across various segments in textile manufacturing and covers several states in India.

Overseas Investment Finance Programme

The Bank has a comprehensive programme covering equity finance, loans, guarantees and advisory services, to support Indian outward investment. During the year, 55 corporates were sanctioned funded and non-funded assistance aggregating to ₹ 78.59 billion for part financing their overseas investments in 22 countries. The investments supported were Iron ore project in Canada, food and pharmaceutical packaging in Germany, manufacturing operations in Singapore, Italy, USA, The Netherlands and Germany, oil exploration assets in Ecuador, automotive components manufacturing in Italy.

So far, Exim Bank has provided finance to 494 ventures set up by 391 companies in 80 countries. Aggregate assistance extended by the Bank to support overseas investment by Indian corporates amounts to ₹ 371.39 billion covering various sectors including pharmaceuticals, home furnishings, readymade garments, construction, paper & paper products, textiles & garments, chemicals & dyes, computer software & IT, engineering goods, natural resources (coal & forests) metal & metal processing and agriculture and agro-based products.

FINANCE FOR IMPORTS

The Bank also selectively undertook finance towards Imports under Bulk Import Finance Programme. Sanctions and Disbursements amounted to ₹ 25.50 billion and ₹ 19.52 billion, respectively. Under Import Finance Programme, 10 companies were sanctioned term loans aggregating ₹ 13.24 billion and disbursements aggregated ₹ 16.65 billion.

STANDBY LETTERS OF CREDIT / LETTERS OF CREDIT:

To facilitate the transactions of the Export-Oriented Units, the Bank issues LCs mainly for imports financed by the Bank. During the year, the Bank opened 179 LCs of ₹ 18.41 billion. The Bank also handles negotiation/collection of export documents. The bank handled 2718 export documents worth ₹ 58.55 billion. The Bank's aggregate non-funded portfolio, comprising Guarantees, LCs & SBLCs, as on March 31, 2014, stood at ₹ 94.26 billion as against ₹ 77.26 billion as on March 31, 2013, representing a growth of 22 per cent.

Design studio at New York City set up by Alok International Inc., with support from Exim Bank.

Chennai-based Trivitron Healthcare Pvt. Ltd. acquired Finland-based Labsystems Diagnostics OY, with support from Exim Bank.











Exim Bank provided financial and training related assistance in value addition and design sensitisation of these Handicraft items.

Exim Bank supported Gramya Turnkey Services Pvt. Ltd. in Karnataka which works with rural artisans.

Exim Bank supported SAHAJ, an organisation working for the upliftment of rural women in Bhuj, Gujarat.

Exim Bank supported Kaladhar Art Gallery for placement of sets for weddings in France.

GRASSROOTS INITIATIVES

The Bank, through its grassroots initiatives, envisages supporting globalisation of enterprises based out of rural India. The programme seeks to address the needs of relatively disadvantaged sections of society while creating expanded opportunities for traditional craftspersons and artisans, and rural entrepreneurs of the country. The Bank has consciously sought to establish, nurture and foster various institutional linkages and has entered into formal cooperation arrangements with select broad-based agencies in order to directly reach out to the artisans, by helping in capacity-building, technological up-gradation, quality improvement, market access and training. (*For more details, please write to grid@eximbankindia.in)*

During the year, the Bank provided support to a Gujarat based Trust, which provides home-based livelihood opportunities to tribal artisans of Eastern Gujarat and helps address the issue of migration. The interventions by the Bank are aimed at financing the establishment of Common Facility Centre (CFC). Intervention in the form of financial support was also provided to a Belgaum, Karnataka based organization which works with nearly 700 producers, mostly the rural poor women in semi-arid and drought prone villages of Belgaum district. The support was provided for financing working capital requirements of the organization and for purchasing additional dyeing and weaving equipments for its CFC. Similar support was provided to an organization working with nearly 5000 artisans in Srikalahasti, Andhra Pradesh. The Bank also provided working capital support to an Odisha based organization working with more than 2000 tribal artisans belonging to socially deprived communities on arts & crafts development. A small workshed was also constructed for tribal women artisan for assembling tribal jewellery parts. During the year, the Bank also provided financial support to two emerging, technology-oriented organizations under the aegis of IIT Madras Rural Technology and Business Incubator (RTBI).

MARKETING ADVISORY SERVICES

The Bank plays a promotional role and seeks to create and enhance export capabilities and international competitiveness of Indian companies through its Marketing Advisory Services. The Bank provides assistance to Indian firms in their globalisation efforts by locating overseas distributor(s)/ buyer(s)/partner(s) for their products and services. The Bank leverages its international standing, in-depth knowledge and understanding of the international markets and well-established institutional linkages, coupled with its physical presence, to support Indian companies in their marketing initiatives on a success fee basis. (*For more details please write to mas@eximbankindia.in)*

During the year, the Bank signed mandates with 31 companies to assist in marketing of their products and services. Over 80 orders in domestic as well as overseas markets were generated for various products. The success stories include placement of Readymade garments such as sarees and stoles with a multi-brand retailer in major cities. Orders were also generated for Mango Pulp in the United Kingdom, Diwali Diyas in Singapore and supply of sets and backdrop for wedding accessories in France. The Bank also supported and assisted in order placement of handicraft items such as Handmade Paper products, Madhubani Paintings, Bidar Artefacts, Handicrafts from Gujarat, Wood Carvings & Lacquerware, Dhokra Metal castings & Tribal Jewellery, Coconut handicrafts, Jute based handicrafts, Warli paintings, Gond painting, Wooden paintings, marble artefacts, files, folders and stationery items.

Besides product placement, Indian companies providing innovative products & niche services were also assisted in partnerships. The Bank assisted a Bangalore based medical diagnostic equipment company - Forus Healthcare in partnering for their innovative product *3 nethra* in the markets of Africa and Iran. Sundaram Clayton was also assisted with tying up with a US based Thermal Management Technology Company, Modine, for manufacturing and supply of aluminium castings. The Bank assisted Indian companies and organizations in long-term tie ups with domestic retail chains for supplying select products. Jharkhand Silk Textile and Handicraft Development Corporation Ltd. (Jharcraft), a Ranchi based organization, partnered with an Indian garments retail chain for placement of their products with assistance of Exim Bank.

Exim Bank supported Jharcraft for placement of readymade garments.

EXIM BANK'S PRESENCE IN MYANMAR

To bolster bilateral trade and investment between India and Myanmar, the Bank opened its eighth overseas Representative Office in Yangon, Myanmar, becoming the first Exim Bank to set up its operations in Myanmar. With its presence in Yangon, the Bank will now focus on further enhancing India's bilateral trade and investment links with Myanmar, with which India shares rich historic, cultural, social and economic ties.

Exim Bank supported Women's Moksha to set up an exhibition for handicrafts manufacturers in Mumbai.

TREASURY

The Bank's integrated treasury handles fund management functions including investment of surplus funds, money market and forex operations and securities/ equity trading. The Bank has segregated front/middle/back-office functions and has set up a state-of-the-art dealing room. The range of products offered by the Bank's treasury to its borrowers includes foreign exchange deals, collection/negotiation of export documents, issuance of inland/foreign letters of credit/ guarantees and structured loans. The Bank uses financial derivative transactions for raising cost effective funds and hedging its balance sheet exposures, with an objective of reducing market risks. The Bank is a member of the Indian Financial Network (INFINET). The Bank deals through the Negotiated Dealing System – Order Matching segment (NDS-OM) of the RBI, which provides the electronic dealing platform for trading in GOI securities. The securities/foreign exchange transactions of the Bank are routed through the Guaranteed Settlement Facility provided by the Clearing Corporation of India Ltd. (CCIL). The Bank is an active member of Collateralised Borrowing & Lending Obligation segment of CCIL. The Bank is also a member of Clearcorp Order Matching System, the Repo Dealing System of CCIL. Through connectivity between INFINET and the Bank's network to achieve straight through processing for treasury applications. The Bank has centralised SWIFT facility on SWIFT Alliance Access.

Inauguration of the Bank's eighth overseas office at Yangon, Myanmar.

Hydro Electric Power Project located on the Nyabarongo River financed through Lines of Credit extended to the Government of Rwanda.

Above: Exim Bank's CMD with children at the project site.

Release of Exim Bank's study on "Enhancing India's Trade Relations with the Southern African Development Community (SADC): A Brief Analysis".

Release of Exim Bank's study on "India's Hi-Tech Exports: Potential Markets and Key Policy Interventions."

Business Opportunities Seminars organized with the World Bank at New Delhi, Hyderabad and Mumbai.

RESEARCH AND ANALYSIS

Exim Bank's Research & Analysis Group offers a range of research insights on aspects of international economics, trade and investment through qualitative and quantitative research techniques. The research work carried out in the Group under the broad classification of regional, sectoral and policy related studies, are published in the form of Occasional Papers, Working Papers, Books, etc. The research studies undertaken during the year are:

- Enhancing India's Trade Relations with Africa: Focus on Select Countries;
- The Effects of Financial Openness: An Assessment of the Indian Experience;
- Comparison of Labour Laws: Select Countries;
- Enhancing India's Trade Relations with LAC: Focus on Select Countries;
- Enhancing India - Myanmar Trade and Investment Relations: A Brief Analysis;
- India's Trade and Investment Relations with Cambodia, Lao PDR, Myanmar, Vietnam (CLMV): Enhancing Economic Cooperation;
- Potential for Enhancing India's Trade with Russia: A Brief Analysis;
- Indian Ceramic Industry: Scenario, Challenges & Strategies;
- Indian Horticulture: Imperatives to Enhance Trade from India;
- India's Trade and Investment Relations with Gulf Cooperation Council (GCC): Strengthening Economic Ties;
- Potential for Enhancing India's Trade with France: A Brief Analysis;
- Potential for Enhancing India's Trade with United Kingdom: A Brief Analysis;
- India's Hi-Tech Exports: Potential Markets and Key Policy Interventions;
- Potential for Enhancing India's Trade with Germany: A Brief Analysis; and
- Enhancing India's Trade Relations with Southern African Development Community (SADC): A Brief Analysis.

(All the above studies are freely downloadable from the Bank's website)

INFORMATION AND ADVISORY SERVICES

The Bank provides a wide range of information, advisory and support services, which complement its financing programmes. These services are provided on a fee basis to Indian companies and overseas entities. The scope of services includes market-related information, sector and feasibility studies, technology supplier identification, partner search, investment facilitation and development of joint ventures both in India and abroad.

MULTILATERAL FUNDED PROJECTS OVERSEAS (MFPO)

The Bank provides a package of information and support services to Indian companies to help improve their prospects for securing business in projects funded by the World Bank, Asian Development Bank, African Development Bank (AfDB) and European Bank for Reconstruction and Development. Projects funded by such Multilateral Funding Agencies, present attractive business opportunities for suppliers, contractors and consultants. Recognising the potential for increasing effective participation by Indian firms in such multilateral funded projects, Exim Bank has been organising seminars in association with the Multilateral Agencies.

The Bank has organized a series of interactive seminars on Business Opportunities in projects funded by the World Bank Group at New Delhi, Mumbai and Hyderabad. The Bank in association with the AfDB Group also organised a series of seminars on business opportunities in AfDB funded projects at New Delhi, Hyderabad and Mumbai. The series of seminars have enabled sharing of information on the nature of business opportunities for suppliers, contractors and consultants under multilateral funded projects, and outlined learnings for Indian companies for effective participation in such projects. Exim Bank and AfDB Group have also signed an agreement for co-financing projects in Africa. The agreement envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB Group.

During the year, the Bank also disseminated information on numerous overseas business opportunities covering various sectors including transportation, infrastructure, construction, telecommunications, energy, education, and information technology.

EXPERIENCE SHARING

The Bank's experience in evolving as an institution supporting international trade and investment, in addition to functioning as an export credit agency in a developing country context, is of particular relevance to other developing countries. The Bank has been sharing its experience and expertise by undertaking advisory assignments. Exim Bank also shares its experience and expertise through provision of on-site exchange of personnel programmes aimed at providing a first-hand experience to the employees of its institutional partners.

The Bank was commissioned by the Commonwealth Secretariat London, to assist the Sri Lanka Export Credit Insurance Corporation (SLECIC) to review its operating policies and suggest new products while recommending measures to enhance the overall export financing framework in Sri Lanka.

Exim Bank, along with ITC Geneva, undertook a consultation mission for the Government of Myanmar for developing a National Export Strategy. Exim Bank officials served as experts for sectors such as textiles and garments, rice, trade information, and trade promotion. The experts shared the developmental model of India to develop exports in Myanmar, particularly in these sectors.

Business Opportunities Seminars organized with the African Development Bank at New Delhi, Hyderabad and Mumbai.

Release of Exim Bank's Occassional Paper on "Enhancing India's Trade Relations with Africa: Focus on Select Countries."

An MoU was signed with the International Trade Centre, Geneva to promote Trade and Investment between India and east Africa.

26th Training Programme on "Accessing Capital Markets" for the Staff of Asian Exim Banks Forum members at Bangalore.

Eximius Centre for Learning

Eximius Centre (EC) continued its capacity building activities for this year as well. During the year EC organized the following programmes:

- "Doing Business with USA", "Doing Business with Argentina", "Trade and Business Opportunities with Vietnam" were organized in collaboration with Federation of Indian Exporters Organisation (FIEO) for the benefit of exporting community;
- Knowledge-building sessions were conducted in collaboration with FIEO which included sessions on "Understanding REACH", "Central Excise and Service Tax and Financial Products on International Trade", "Payment Terms in International Trade and UCP-600".
- A special programme on "Strategy on Services Sector" was organized in collaboration with the Ministry of Finance at Bangalore, Chennai, Cochin, Hyderabad, Kolkata, Mumbai and New Delhi to understand the issues faced by Services Exporters;
- Workshops were arranged for ITS Probationary officers of DGFT and Income Tax officers;
- In association with Visvesvaraya Trade Promotion Centre an Export Management Training Programme was organised in Bangalore targeting entrepreneurs, who wish to venture into international trade , was organized in Bangalore.

A delegation from Janata Bank Ltd., Bangladesh visiting the Bank's Head Office .

INSTITUTIONAL LINKAGES

BRICS Interbank Cooperation Mechanism

The Bank has fostered a network of alliances and institutional linkages with multilateral agencies, export credit agencies, banks and financial institutions, trade promotion bodies, and investment promotion boards to help create an enabling environment for supporting trade and investment. The Bank entered into two cooperation Agreements with four major development banks of the BRICS countries (Brazil, Russia, China, and South Africa), in the presence of Heads of States/ Governments of the BRICS countries held in Durban, South Africa during the BRICS Summit 2013. The two Agreements signed during the occasion are: (i) BRICS Multilateral Infrastructure Co-financing for Africa; and (ii) BRICS Multilateral Cooperation and Co-financing Agreement for Sustainable Development. These two Agreements are expected to enhance cooperation among BRICS development banks and to significantly promote intra-BRICS trade.

Exim Bank of India is the nominated member development bank under the BRICS Interbank Cooperation Mechanism. Other nominated member development banks from BRICS nations are: Banco Nacional de Desenvolvimento Economico e Social – BNDES, Brazil; State Corporation Bank for Development and Foreign Economic Affairs – Vnesheconombank, Russia; China Development Bank Corporation, and the Development Bank of Southern Africa. The Bank has been participating in the Annual Meetings of the BRICS Financial Forum, under the BRICS Interbank Cooperation Mechanism.

The 19th Annual Meeting of the Asian Exim Banks Forum at Wuyishan, China.

Asian Exim Banks Forum

The Nineteenth Annual Meeting of the Asian Exim Banks Forum (AEBF) was held in Wuyishan, China during October 2013.

The theme for the meeting was "Reinforcing Regional Cooperation and Connectivity in a Challenging Global Environment". The meeting provided a platform for exchange of ideas and information amongst the members towards reinforcing regional cooperation among the Asian economies, in the present challenging global economic environment. The Meeting was hosted and chaired by The Export-Import Bank of China. The meeting had representatives at the highest level from all member countries, viz., Australia, China, India, Indonesia, Japan, Korea, Malaysia, Philippines, Thailand and Vietnam. The meeting also had participation from Asian Development Bank (ADB), the multilateral financing institution, as a permanent invitee. Vietnam was admitted as a regular member to the Forum at the Annual Meeting.

20th Technical Working Group Meeting of the Asian Exim Banks Forum at New Delhi.

The AEBF seeks to enhance economic cooperation and forge stronger linkages among its member institutions, thereby fostering a long-term relationship within the Asian Exim Banks' community. Exim Bank of India would be hosting the Twentieth Annual Meeting of AEBF in November 2014. The theme of the AEBF-2014 is "Evolving Role & Relevance of Asian Exim Banks – Path to 2020".

Global Network of Exim Banks and Development Finance Institutions

The Global Network of Exim Banks and Development Finance Institutions (G-NEXID) was set up in Geneva in March 2006 through the Bank's initiative, under the auspices of UNCTAD. With the active support of a number of other Exim Banks and Development Finance Institutions from various developing countries, the network has endeavoured to foster enhanced South-South trade and investment and cooperation.

G-NEXID's 8th Annual Meeting at Geneva, Switzerland.

Memoranda of Understanding / Co-operation (MoU / MoC)

The Bank proactively supports Small and Medium Enterprises (SMEs) in their internationalisation efforts, through customised research activities, and marketing advisory services. To enhance business and investment opportunities and facilitate better cooperation between companies from India and United Kingdom (UK), the Bank and UK Trade and Investment (UKTI) have signed a Memorandum of Cooperation (MoC), on the occasion of the Sixth UK-India Economic and Financial Dialogue. Exim Bank and UKTI agreed to exchange information to boost cooperation particularly between SMEs from India and the UK, helping them locate suitable joint venture and trade partners. In order to promote the realisation of business opportunities and facilitating trade and investment among the SMEs in India and abroad, the Bank has also signed an MoC with Small & Medium Business Development Chamber of India.

An MoC signed with Small & Medium Business Development Chamber of India.

During the year, the Bank entered into an MoC with the Women on Wings (WoW), a non-profit organization based in Austerlitz, the Netherlands, working with the objective of improving the income of women in developing countries. WoW, which plans to create one million jobs for women in rural India by 2018, assists Indian enterprises by providing consultancy and business development, investing through human capital and providing good networking support for marketing their produce.

The Bank has signed an MoU with the International Trade Centre (ITC) in Geneva which is intended to strengthen collaboration

MoU with the National Centre for Design and Product Development.


Exim Bank helped artisans to participate in an India-Zimbabwe programme in Agartala.

Product Development Workshop organized for Pochampally weavers by Exim Bank.

between ITC and Exim Bank to help increase enterprise and sector competitiveness and promote capacity-building in trade intelligence, including market analysis and research. The cooperation will also help foster trade support networks and business linkages between India and other countries, and improve the business environment. ITC and Exim Bank will also cooperate on the project on Supporting India's Trade Preferences for Africa (SITA), which will run from this year to 2020 for promoting exports from five East African countries - Ethiopia, Kenya, Rwanda, Tanzania and Uganda - to India through investment and skills transfer from the Indian side.

In order to augment sustainable employment opportunities and exports from rural India, the Bank actively supports exports from rural grassroots business enterprises by providing them an array of services including financial support, export marketing and product development. The Bank entered into an MoU with the National Centre for Design and Product Development (NCDPD) with an objective to promote cooperation in assisting manufacturers of Indian handicraft items in their design and product development to cater to the needs of changing taste and design concepts of international buyers. The broad areas of cooperation comprise organizing task based workshops for companies/artisans, providing faculty support, providing training on design, product development, skill development, technology up-gradation, assisting in creating export capability and conducting joint studies and research in areas of mutual interest.

An MoU was also signed with the World Craft Council (WCC). The objective was to co-operate in areas through which Indian grassroots / social enterprises and crafts could be supported to help them reach international markets. The broad areas of cooperation includes coordination and development of Arts and Crafts in India, Organizing the International Craft Film Festival and International Craft Exhibition where artisans can showcase their arts and crafts which will feature demonstrations and exchange of ideas and techniques and help the Indian craftsperson to gain access to new markets for Indian Crafts.

Workshops

Workshops organized by the Bank at the grassroot level are mentioned below:

The Bank organized a 10 day workshop with Pochampally Handloom Park Limited (PHPL) for Product Development during March 2014, in association with National Centre for Design and Product Development (NCDPD). The objective of the workshop was to generate quality products ready to tap international markets and handholding in terms of marketing, packaging, brand building and generating business for the weavers and artisan's community. Over 53 weavers attended the workshop.

The Bank in partnership with NCDPD also organized a Craft Exchange Programme between India and Zimbabwe at the Bamboo and Cane Development Institute in Agartala. Fifty artisans participated and exchanged ideas, out of which 25 were from India and 25 from Zimbabwe. The focus of the programme was to demonstrate unique designs & patterns and sharing of processing & finishing techniques of their craft in the field of bamboo eco-friendly crafts, basketry and other allied products.

A "Design Development and Training Workshop" for 60 women master artisans in Golaghat, Assam, was arranged with the objective of developing utility based prototypes for Handloom products.

A training programme was organized for 50 artisans based in Lakkavanhally and Bengaluru, Karnataka for developing natural fiber based hand crafted utility products. About 20 marketable prototypes were developed during the course of the workshop.

Awards for Excellence

Export-Import Bank of India and Confederation of Indian Industry (CII) joined hands, in 1994, to promote 'excellence' among Indian companies through the 'CII-Exim Bank Award for Business Excellence' for best Total Quality Management (TQM) practices adopted by an Indian company. The Award is based on the European Foundation for Quality Management (EFQM) model.

The award, which is an annual ceremony, is a prestigious and befitting industry recognition given to a company after being assessed by panels of trained assessors through a transparent and rigorous methodology based on the EFQM Model. In 2013, there were 40 companies which received varying levels of recognition. Bosch Ltd, Diesel Systems business -- Nashik was adjudged as the winner of the CII-Exim Bank Award for Business Excellence. Bosch Ltd, Diesel Systems business – Jaipur and Godrej Locking Systems and Solutions bagged the CII-EXIM Bank Prize for Business Excellence, while Indelox Services won the Prize in the Small and Medium Businesses (SMBs) category. Godrej Locking Systems and Solutions has also been conferred with the Chairman's Special Commendation for having won the Prize for the second year in a row.

The International Economic Research Award was instituted by the Bank in 1989. The objective of the award is to promote research in international economics, trade, development, and related financing, by Indian nationals at universities and academic institutions in India and abroad. The Award consists of a sum of Rupees Two Hundred and Fifty Thousand and a citation. The winner for the year 2013 is Dr. Anwesha Aditya, for her doctoral thesis titled "Trade Liberalization, Product Variety and Growth". Dr. Aditya received her degree in 2013 from Jadavpur University, Kolkata. Dr. Harendra Kumar Behera had won the award for the year 2012.

Exim Bank's Commencement Day Annual Lecture series, instituted in 1986 to commemorate the commencement of the Bank's business, has earned recognition as an important milestone in contributing to the debate and discussions on contemporary trade and development issues impacting the global economy. Prof. Kishore Mahbubani, Dean and Professor in the Practice of Public Policy at the Lee Kuan Yew School of Public Policy of the National University of Singapore delivered the Bank's Twenty-Ninth Commencement Day Lecture for 2014. Professor Mahbubani spoke on the topic "The Great Convergence: Can India Make It?" Dr. Dilip M. Nachane, Member, Economic Advisory Council to the Prime Minister was the Guest of Honour for the lecture. In 2013, Professor Pranab Bardhan, Professor of Graduate School, Department of Economics, University of California, Berkeley, had delivered the Lecture on the topic, 'The Theory of Trade and Development from the Indian Point of View.'

The CII-EXIM Bank Award for Business Excellence presented to Bosch Ltd, Diesel Systems Business-Nashik.

Exim Bank's IEDRA Award 2012 presented to Dr. Harendra Kumar Behera by Dr. Raghuram Rajan, then Chief Economic Adviser, Govt. of India.

Professor Kishore Mahbubani delivering the Bank's Commencement Day Annual Lecture 2014 on "The Great Convergence: Can India Make It?"

Management Team:

Sitting left to right: Nadeem Panjetan, Chief General Manager; David Sinate, Chief General Manager; Ajit Kumar, David Rasquinha, Executive Director; Mukul Sarkar, Chief General Manager; Samuel Joseph, Chief General Manager;

Standing left to right: Utpal Gokhale, General Manager; Sudatta Mandal, General Manager; Geeta Poojary, General Manager; Madhulika Verma, General Manager; Rima Marphatia, General Manager; Harsha Bangari, General Manager;

Chief General Manager; C.P. Ravindranath Menon, Chief General Manager; Yaduvendra Mathur, Chairman & Managing Director; Prahalathan Iyer, Chief General Manager.

General Manager; Daya Chandrahas, General Manager; Sunita Sindwani, General Manager; Sangeeta Sharma, Gaurav Bhandari, General Manager.

Staff members completing an outbound learning exercise during a Management Development Programme in Bangalore.

HUMAN RESOURCES MANAGEMENT

The Bank's staff, comprising management graduates, chartered accountants, bankers, economists, legal, library and documentation experts, engineers, linguists, human resources and IT specialists, numbered 295 on March 31, 2014. The professional team of 249, is supported by a set of skilled and highly committed administrative officers.

The Bank - a "learning organisation", organizes various group training programmes, facilitating continuous upgradation of skills of its staff. Officers are also nominated for customised training programmes and seminars, aimed at developing and enhancing skill sets for handling highly specialised portfolios and enabling them to keep abreast with the latest developments in the field. During 2013-14, 232 officers attended training programmes and seminars on various subjects relevant to the Bank's operations, ranging from working capital management & interpretation of financial statements, project finance, credit risk, derivatives & risk management, to interpersonal communication & organizational effectiveness, leadership development for corporate excellence, business communications and IT.

REPRESENTATION OF SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

New recruits attended an Orientation Programme in Bangalore.

Of the total staff of 295 in the Bank's service as on March 31, 2014, there were 29, 20 and 38 Scheduled Caste, Scheduled Tribe and Other Backward Class staff members, respectively. Training in Information Technology and other areas such as effective presentation and communication skills, was provided to these staff members. The Bank continues to grant scholarships for scheduled caste and scheduled tribe and other backward class students at the Indian Institute of Foreign Trade (IIFT), New Delhi, and has also instituted scholarships for reserved category students of the Kalinga Institute of Industrial Technology (KIIT) University, Orissa; the North Eastern Regional Institute of Science and Technology (NERIST), Arunachal Pradesh; the Delhi School of Economics and the Jawaharlal Nehru University, New Delhi.

INTERNAL COMPLAINTS COMMITTEE UNDER "THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013"

In compliance with the Act, the Bank has constituted a Complaint Committee for considering complaints of sexual harassment of women at workplace as defined under the Act. The Bank considers the safety of its employees to be very important and seeks to provide a safe working environment at the workplace.

The committee held regular meetings even though there were no complaints. The committee also initiated awareness sessions for all employees at all offices of the Bank. Awareness was also spread through the Bank's intranet and in-house magazine.

PROGRESS IN IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY

During 2013-14, the Bank continued its efforts to strengthen the implementation of the Official Language Policy. In compliance with the provisions of Section 3 (3) of the Official Language Act, circulars, press releases, notices and reports were issued in bilingual form. In compliance with Rule 5 of the Official Language Rule 1976, letters received in Hindi were responded to in Hindi.

Annual Programme for FY 2013-14, received from the Department of Official Language, Ministry of Home Affairs was implemented through an action plan, prepared to achieve targets on various parameters. Towards this end, Official Language Implementation Committees at Bank's Head Office and Regional offices reviewed and monitored the progress on quarterly basis. The Bank's Head Office was inspected by the Committee of Parliament on Official Language in September 20, 2013. The Committee appreciated the overall efforts of the Bank and commended the Bank for implementation of Rajbhasha in the Bank.

Hindi workshops were organized to impart training in Hindi to officers of the Bank, as per the targets. Use of Unicode was encouraged and officers were given training to use software/ facilities available for working in Hindi on computers.

The Bank has actively participated in the meetings of Town Official Language Implementation Committees (TOLIC) / State Level Bankers' Committees / Official Language Implementation Committee of the Department of Financial Services and Official Language Implementation Committee of Reserve Bank of India for Banks and Financial Institutions, and implemented the decisions taken in these meetings.

A scheme offering incentives aimed at encouraging officers to learn and use Hindi in their day-to-day work is in place in the Bank. The Bank's in-house magazine 'Eximius' includes a Hindi section. Officers were encouraged to contribute articles in Hindi and best articles were rewarded. The Bank has increasingly encouraged its officers to participate in interbank Hindi competitions organized under the aegis of TOLICs and RBI. Hindi training needs of the officers were identified and they were nominated for training for attaining working knowledge of Hindi.

In pursuance of the Government's directives, a Hindi fortnight commencing from September 1, 2013 was celebrated in the Bank. The Bank maintains its corporate website in both Hindi and English. Information related to business and operations of the Bank was updated/ made available on Hindi website for wider dissemination. Help and reference material along with useful information for use of staff members were made available on the Bank's intranet.

Apart from literature on the Bank's operations and procedures, select Occasional Papers were translated into Hindi. Hindi versions of all the issues of 'Eximius: Export Advantage', a quarterly publication of the Bank, were published under the title 'Eximius: Niryaat Laabh'. Issues of 'Agri Export Advantage', a bi-monthly publication of the Bank, were also published in Hindi under the title *'Krishi Niryaat Laabh'.*

In pursuance of Government policy regarding progressive use of Hindi, new Hindi books, particularly on foreign trade, commerce, finance, banking, information technology and other subjects were added to the Bank's library (Knowledge Centre).

The Bank's in-house journal 'Eximius' was awarded a prize for the third time under bilingual magazine category, by the Reserve Bank of India.

A design development training programme organized by the Bank in Assam.

Gold Trophy awarded by Association of Business Communicators of India for the Bank's in-house publication 'Krishi Niryaat Laabh' published in ten Indian regional languages other than English and Hindi.

The Bank received 'Highly Commendable Bank' award at the Celent Model Bank Award Ceremony held in New York, for effective use of latest technology in banking.

The Bank's efforts for accelerating the use of Hindi for official purposes received recognition from various authorities, such as TOLIC, Mumbai, constituted under the auspices of Department of Official Language, Ministry of Home Affairs, GOI, which awarded the second prize to the Bank's Head Office for commendable performance in implementing Hindi among all Financial Institutions for the year 2012-13. The Bank's in-house journal 'Eximius' was awarded a prize for the fourth time under bilingual magazine category amongst 32 participating Banks / Financial Institutions, by Reserve Bank of India for the year 2012-13. Bank's news bulletin "Krishi Niryaat Laabh" was awarded the First prize the under the Indian language publications category by Association of Business Communicators of India (ABCI).

INFORMATION TECHNOLOGY

The Bank continued its initiatives in enhancing the use of knowledge management tools, communication across its various constituents for better sharing of information, user empowerment and system intelligence capabilities. The Bank is a member of INFINET and digitally participates in the market through industry-wide systems initiated by regulatory and industry institutions such as RBI, CCIL, Credit Information Bureau (India) Ltd. and SWIFT.

Systems were supported and upgraded in various areas including those of operational business intelligence; bank-wide system; document management and workflow; networks; infrastructure; and security. The Bank strengthened its practices and procedures in compliance with international standards for IT Governance.

The Bank's corporate website (www.eximbankindia.in) was revamped during the year. The information on the Bank is now disseminated in an organised manner on the various research activities conducted by the Bank and on business opportunities and leads in international trade. Besides, it features relevant information on the Bank's various lending programmes and information and advisory services.

The Bank's agro-portal (www.eximbankagro.in) continues to provide product-wise information and advisory services. The Bank is a member of the Asian Exim Banks Forum and G-NEXID and the Bank maintains websites for the two fora.

The integrated Finacle software solution which has recently been implemented has improved efficiency and MIS reporting. Business Intelligence system has been integrated fully online with Finacle system and various alerts are being sent as per specific requirements of core users, for better management and servicing of loan assets. The Bank has introduced Real Time Gross Settlement (RTGS) for better efficiency.

CORPORATE GOVERNANCE

Exim Bank ensures transparency and integrity in communication and makes available full, accurate and clear information to all concerned. The Bank is committed to and is continuously striving to ensure compliance with best practices of corporate governance as relevant to the Bank. The Bank has established a framework of strategic control and is continuously reviewing its efficacy. Business/financial performance related matters, analytical data/information are reported to the Board/Management Committee of the Board (MC) periodically for review. The Bank has put in place a Board approved Compliance Policy and a senior official has been made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and reporting deviation if any to the Audit Committee (AC). The Bank's Board held five meetings (during the FY 2013-14) and the MC held eight meetings.

AUDIT COMMITTEE

The Bank's Audit Committee (AC) of the Board provides direction to the total audit function of the Bank in order to enhance its effectiveness as a management tool and to follow-up on all issues raised in the statutory/external/internal/concurrent audit reports and RBI inspection reports. The AC reviews the annual financial statements every year before submission of the same to the Board. AC also periodically reviews the functioning of the Bank's Fund Management Committee (CFMC) and Asset-Liability Management Committed (ALCO). The Audit Committee met 6 times during the FY 2013-14.

ASSET-LIABILITY MANAGEMENT (ALM)

The ALCO of the Bank oversees the monitoring and management of market risk with support from the Bank's mid-office. Liquidity/interest rate risks are managed by ALCO as per the comprehensive ALM/ liquidity policies approved by the Board. The role of ALCO includes, inter-alia, reviewing the Bank's currency-wise structural liquidity and interest-rate sensitivity positions vis-a-vis prudential limits prescribed by the RBI/Board, monitoring results of periodical stress testing of cash flows and identifying a suitable ALM strategy based on the quantum of interest-rate risk as measured through a) assessment of sensitivity of net-interest income; and b) sensitivity of economic value, using duration-gap analysis, to interest rate movement. Regular stress testing of currency-wise liquidity position is carried out and a Contingency Funding Plan is drawn up periodically to estimate the worst-case fund shortfall in each currency. Value-at-risk is computed for the Bank's held-for-trading and available-for-sale portfolio of GOI securities. FMC decides on the investments/disinvestments and raising of resources as per the Fund Management/Resources Plan approved by the Board at the beginning of each financial year and reviewed during the year. The Audit Committee & Management of the Board periodically review the functioning of ALCO/FMC.

RISK MANAGEMENT

The Bank has an Integrated Risk Management Committee (IRMC), which is independent of operating groups and reports directly to the top management. The IRMC reviews the Bank's position in regard to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks), and oversees the operations of the ALCO, the FMC and the Credit Risk Management Committee (CRMC), all of which have cross-functional representation. While ALCO deals with issues relating to ALM policy and processes and analyses the overall market risk (liquidity, interest-rate risk and currency risks) of the Bank, CRMC deals with credit policy and procedures and analyses, manages and controls credit risk on a Bank-wide basis. Loan proposals are independently analysed by the Chief Credit Risk Officer of the Bank, who evaluates the risk profile of the proposals and provides inputs to the approving authority. The Bank has in place an advanced Credit Risk Model (CRM) that enables a broad-based credit appraisal decision support (by incorporating a range of qualitative

A series of interactive sessions on "Strategy for Services Sector" were organized by the Bank at various centres.

Students from the University of Petroleum and Energy, Dehradun, Uttarakhand, visiting the Bank's Display Centre.

Artisans supported by Exim Bank showcased their products at the Bank's Annual Reception attended by high level delegates in Mumbai.

as well as quantitative parameters/ measures) and superior portfolio management capability. The Bank also undertakes an annual review of the Business Continuity & Disaster Recovery Plans of all its offices. Each of the plans is vetted for completeness with regard to critical Business Continuity Risk Events and safeguards in place, for mitigating the impact thereof.

CREDIT MONITORING GROUP

A dedicated Loan Administration Group takes pro-active steps towards loan recovery as per the Board-approved Loan Monitoring and Recovery Policy and towards preventing slippage of standard assets into non-performing assets. A system of ABC classification of loan accounts (including system for monitoring credit rating migration) is in place. A monthly review of non-performing assets is done by a separate Committee. An independent Screening Committee, comprising a retired judge and two eminent persons with rich experience in the fields of law and banking, has been constituted for examining and recommending all settlement proposals and assignment to Asset Reconstruction Companies, for consideration by the Board.

KYC, AML AND PML MEASURES OF THE BANK

The Bank has a policy approved by the Board on ‘Know your Customer (KYC)', 'Anti Money Laundering (AML)' and Prevention of Money Laundering (PML)’ measures. The Policy conforms to RBI guidelines in the matter. The KYC, AML and PML policy covers (a) Customer Acceptance Policy; (b) Customer Identification Procedure; (c) monitoring of transactions (d) Risk Management; and (e) KYC of existing customers. The Bank is currently referring to the latest caution list issued by RBI.

The Bank also has access to the Bankers Accuity Database, an online database service, a product of one of the world's leading business publishers, Reed Business Information, which is a part of the Reed Elsevier Group. It is a compliance database for Bankers Almanac. Accuity's enhanced Global WatchList is a comprehensive collection of caution lists from all major sanctioning bodies, law enforcement agencies and financial regulators worldwide. All the customers of the Bank are subjected to KYC standards, which establish the identity of the natural/legal person and those of the ‘beneficial owners’. Implementation of KYC policies and procedures covers identification of term deposit holders, correspondent banks, recruitment of new staff members, and counterparty identification with regard to treasury transactions. The Bank obtains data required for ensuring compliance by its counterparty banks with regard to KYC norms through a suitable questionnaire.

The Bank also maintains information in respect of certain transactions in accordance with the procedure and manner as may be specified by RBI and SEBI, as the case may be, from time to time and the records are maintained for a period of ten years from the date of the transaction. The Bank has appointed a Principal Officer responsible for its KYC, AML and PML measures. The KYC, AML and PML Policy is on the Bank’s website.

FAIR PRACTICES CODE FOR LENDERS

The Bank has in place, a Board approved policy on Fair Practices Code for Lenders framed in line with RBI guidelines. The policy is reviewed every year.

RIGHT TO INFORMATION

Exim Bank of India, as a public authority as defined in the Right to Information Act, 2005, is compliant with the Act. Citizens of India may apply for information under the provisions of the Act by communicating the same to the Central Public Information Officer of the Bank or any of the Assistant Public Information Officers of the Bank as mentioned on the website.

JOINT VENTURES

Global Procurement Consultants Limited (GPCL), was promoted by Exim Bank in 1996 as a joint-venture company along with 11 other reputed private and public sector companies, which have expertise in diverse fields, spanning various sectors of the economy. GPCL provides project related advisory services, with particular focus on procurement and capacity building, primarily for projects funded by multilateral agencies, in a number of developing countries. The company caters to areas as diverse as Health, Education, Agriculture, Mining, Transportation, Communication, Energy, Water Resources and other key sectors. GPCL's services span all stages of the procurement cycle covering procurement advice, procurement management, procurement review, performance review, provision of support services, valuation exercises, financial advisory services and procurement governance. GPCL recorded yet another year of profitable operations with a turnover of ₹ 53.57 million in 2013-14 and a pre-tax profit of ₹ 15.42 million.

During the year, the Bank formed a new joint venture, viz. Bharat Handloom Marketing Company Ltd. (BHMCL) in association with the National Handloom Development Corporation Ltd. and the Association of Corporations and Apex Societies of Handlooms. BHMCL has been incorporated as a public limited company under the Companies Act, 1956 to carry out the business of promotion and marketing of handloom and handicraft products both at the domestic and global level.

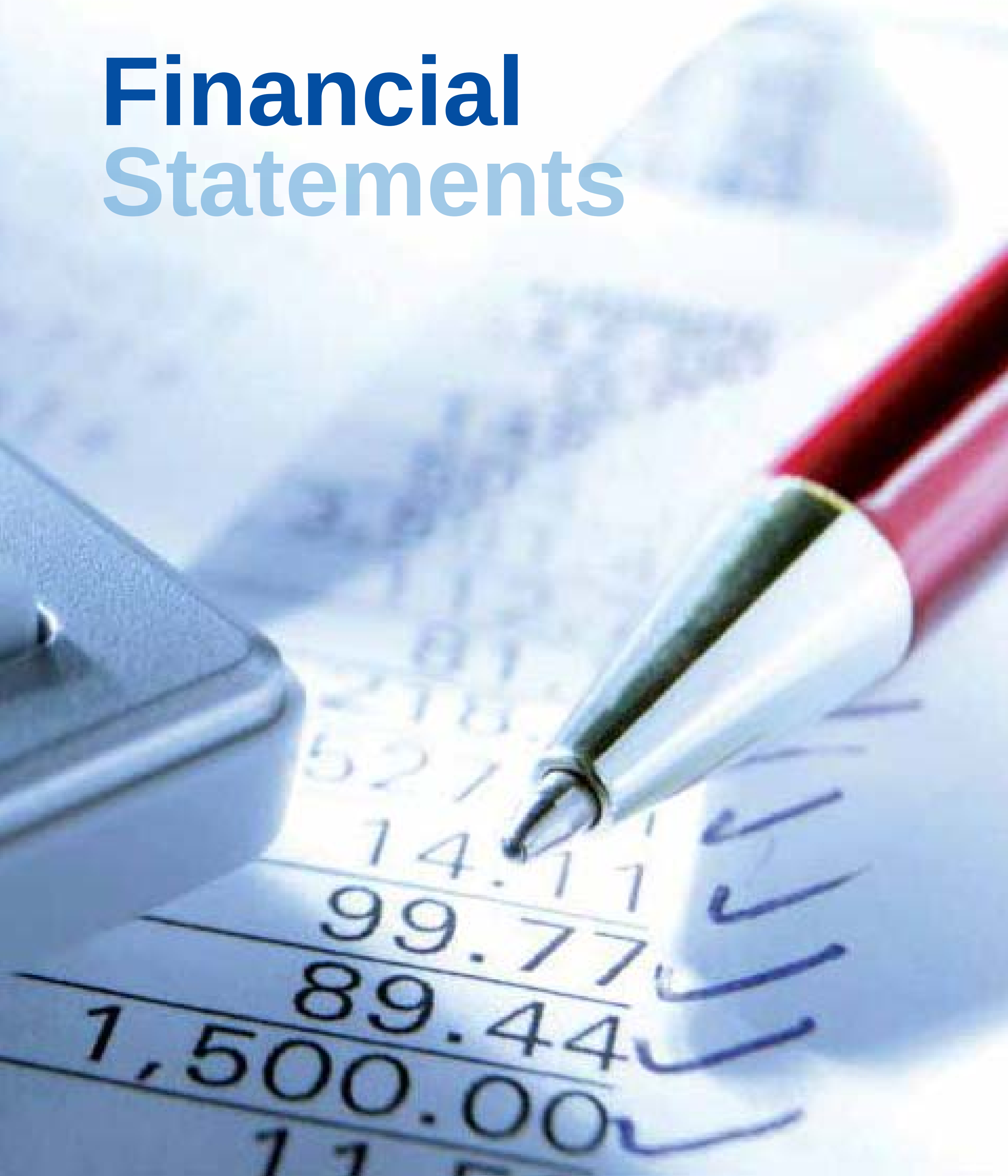
PROJECT DEVELOPMENT COMPANY

The Bank plans to set up a Project Development Company in Africa, which will essentially look to bringing infrastructure projects in Africa to a bankable stage and facilitating exports from India to Africa. This is a new initiative of Exim Bank.

Exim Bank supported construction of a Common Facility Centre for Mitan Handicrafts Development Pvt. Ltd. in Belgaum, Karnataka.

Exim Bank sponsored an Artisans' Craft Bazaar showcasing handicrafts in New Delhi.

Financial Statements



To

The President of India

Report on the Financial Statements

MZSK & Associates Chartered Accountants

1. We have audited the accompanying financial statements of the **General Fund** of the Export-Import Bank of India ('the Bank'), which comprises the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of the financial statements in accordance with the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information in accordance with the requirements of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the General Fund of the Bank as at 31st March, 2014;

ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder.

8. We report that:

i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

iii) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

9. We further report that:

i) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns.

ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

For MZSK & Associates

Chartered Accountants

Firm Registration no. 105047W

Abuali Darukhanawala

Partner (M. No. 108053)

Mumbai

April 29, 2014

BALANCE SHEET as at 31st March, 2014

GENERAL FUND

LIABILITIES	SCHEDULES	THIS YEAR (As at 31.03.2014) ₹	PREVIOUS YEAR (As at 31.03.2013) ₹
1. Capital	I	37,593,663,881	30,593,663,881
2. Reserves	II	45,503,735,880	41,795,912,670
3. Profit & Loss Account	III	3,390,000,000	2,630,000,000
4. Notes, Bonds & Debentures		548,867,892,091	451,020,235,742
5. Bills Payable		-	-
6. Deposits	IV	23,727,794,562	30,833,633,817
7. Borrowings	V	142,225,187,006	162,993,757,004
8. Current Liabilities & Provisions for contingencies		43,293,522,489	30,788,467,247
9. Other Liabilities		26,887,874,599	10,526,061,976
TOTAL		**871,489,670,508**	**761,181,732,337**
ASSETS			
1. Cash & Bank Balances	VI	51,240,826,117	68,869,000,977
2. Investments	VII	39,162,531,095	24,981,627,680
3. Loans & Advances	VIII	743,983,407,926	643,529,812,314
4. Bills of Exchange and Promissory Notes Discounted/Rediscounted	IX	2,000,000,000	-
5. Fixed Assets	X	807,273,023	875,915,639
6. Other Assets	XI	34,295,632,347	22,925,375,727
TOTAL		**871,489,670,508**	**761,181,732,337**
CONTINGENT LIABILITIES			
(i) Acceptances, Guarantees, Endorsements & other obligations		53,668,306,500	47,439,835,800
(ii) On outstanding forward exchange contracts		166,261,700	3,351,809,300
(iii) On underwriting commitments		-	-
(iv) Uncalled Liability on partly paid investments		83,124,000	72,283,500
(v) Claims on the Bank not acknowledged as debts		2,249,300,000	2,249,300,000
(vi) Bills for collection		-	-
(vii) On participation certificates		-	-
(viii) Bills Discounted/Rediscounted		-	-
(ix) Other monies for which the Bank is contingently liable		40,914,713,500	30,127,878,700
TOTAL		**97,081,705,700**	**83,241,107,300**

'Notes to Accounts' attached.

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu **Shri Amitabh Kant** **Shri G. Padmanabhan**
Shri N. Shankar **Shri S. S. Mundra** **Smt. V. R. Iyer**
Shri M.S. Raghavan **Smt. Arundhati Bhattacharya** **Dr. Biswajit Dhar**

Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

Mumbai
Dated : April 29, 2014

(Abuali Darukhanawala)
Partner
M. No. 108053

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2014

GENERAL FUND

		SCHEDULES	THIS YEAR ₹	PREVIOUS YEAR ₹
EXPENDITURE				
1	Interest		46,839,664,164	41,156,470,438
2	Credit Insurance, fees and charges		599,654,314	523,082,832
3	Staff Salaries, Allowances etc. and Terminal Benefits		316,800,428	351,565,795
4	Directors' and Committee Members' Fees and Expenses		68,554	42,500
5	Audit Fees		1,008,000	2,114,000
6	Rent, Taxes, Electricity and Insurance Premia		164,725,936	112,777,123
7	Communication expenses		34,122,067	23,971,207
8	Legal Expenses		41,240,082	25,873,325
9	Other Expenses	XII	520,731,783	414,704,482
10	Depreciation		147,502,144	146,637,378
11	Provision for loan losses/contingencies depreciation on investments		13,896,581,571	6,150,689,976
12	Profit carried down		10,202,071,145	10,887,606,464
	TOTAL		**72,764,170,188**	**59,795,535,520**
	Provision for Income Tax [including Deferred tax credit of ₹ 3,380,752,065 (previous year - deferred tax credit of ₹ 1,317,811,613)]		3,104,247,935	3,464,375,389
	Balance of profit transferred to Balance Sheet		7,097,823,210	7,423,231,075
			10,202,071,145	**10,887,606,464**
INCOME				
1	Interest and Discount	XIII	68,463,527,765	56,071,056,229
2	Exchange, Commission, Brokerage and Fees		2,685,378,606	2,145,168,726
3	Other Income	XIV	1,615,263,817	1,579,310,565
4	Loss carried to Balance Sheet		-	-
	TOTAL		**72,764,170,188**	**59,795,535,520**
	Profit brought down		10,202,071,145	10,887,606,464
	Excess Income/Interest tax provision of earlier years written back		-	-
			10,202,071,145	**10,887,606,464**

'Notes to Accounts' attached.

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu	**Shri Amitabh Kant**	**Shri G. Padmanabhan**
Shri N. Shankar	**Shri S. S. Mundra**	**Smt. V. R. Iyer**
Shri M.S. Raghavan	**Smt. Arundhati Bhattacharya**	**Dr. Biswajit Dhar**

Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

Mumbai
Dated : April 29, 2014

(Abuali Darukhanawala)
Partner
M. No. 108053

GENERAL FUND

	THIS YEAR (As at 31.03.2014) ₹	PREVIOUS YEAR (As at 31.03.2013) ₹
SCHEDULE I : Capital :		
1 Authorised	100,000,000,000	100,000,000,000
2 Issued and Paid-up:	37,593,663,881	30,593,663,881
(Wholly subscribed by the Central Government)		
SCHEDULE II : Reserves :		
1 Reserve Fund	34,061,416,816	32,525,593,606
2 General Reserve	-	-
3 Other Reserves:		
Investment Fluctuation Reserve	-	-
Sinking Fund (Lines of Credit)	1,672,319,064	1,550,319,064
4 Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	9,770,000,000	7,720,000,000
	45,503,735,880	**41,795,912,670**
SCHEDULE III : Profit & Loss Account :		
1 Balance as per annexed accounts	7,097,823,210	7,423,231,075
2 Less: Appropriations:		
- Transferred to Reserve Fund	1,535,823,210	3,223,231,075
- Transferred to Investment Fluctuation Reserve	-	-
- Transferred to Sinking Fund	122,000,000	120,000,000
- Transferred to Special Reserve u/s 36(1)(viii) of the Income Tax Act,1961	2,050,000,000	1,450,000,000
3 Balance of the net profits (Transferable to the Central Government in terms of Section 23(2) of the EXIM Bank Act,1981)	**3,390,000,000**	**2,630,000,000**
SCHEDULE IV: Deposits :		
(a) In India	23,727,794,562	30,833,633,817
(b) Outside India	-	-
	23,727,794,562	**30,833,633,817**
SCHEDULE V : Borrowings :		
1. From Reserve Bank of India:		
(a) Against Trustee Securities	-	-
(b) Against Bills of Exchange	-	-
(c) Out of the National Industrial Credit (Long Term Operations) Fund	-	-
2 From Government of India	-	-
3 From Other Sources:		
(a) In India	37,066,391,512	12,278,093,456
(b) Outside India	105,158,795,494	150,715,663,548
	142,225,187,006	**162,993,757,004**
SCHEDULE VI : Cash & Bank Balances :		
1 Cash in Hand	293,259	109,123
2 Balance with Reserve Bank of India	1,154,135	1,127,712
3 Balances with other Banks:		
(a) In India		
i) in current accounts	904,354,525	1,848,905,588
ii) in other deposit accounts	18,652,776,000	50,857,170,000
(b) Outside India	31,682,248,198	16,105,780,458
4 Money at call and short notice / Lending under CBLO	-	55,908,096
	51,240,826,117	**68,869,000,977**

contd ....

		THIS YEAR (As at 31.03.2014) ₹	PREVIOUS YEAR (As at 31.03.2013) ₹
SCHEDULE VII : Investments :			
	(net of diminution in value, if any)		
1	Securities of Central and State Governments	18,585,385,247	17,139,447,680
2	Equity Shares & Stocks	1,552,585,730	1,541,216,096
3	Preference Shares and Stocks	133,710,300	137,710,300
4	Notes,Debentures and Bonds	18,890,849,818	3,810,753,604
5	Others	-	2,352,500,000
		39,162,531,095	**24,981,627,680**
SCHEDULE VIII : Loans & Advances :			
1	Foreign Governments	237,504,194,106	182,209,358,616
2	Banks:		
	(a) In India	81,051,415,000	89,128,250,000
	(b) Outside India	641,491,335	1,453,031,676
3	Financial Institutions:		
	(a) In India	-	-
	(b) Outside India	25,154,054,825	17,895,730,184
4	Others	399,632,252,660	352,843,441,838
		743,983,407,926	**643,529,812,314**
SCHEDULE IX : Bills of Exchange and Promissory Notes Discounted/Rediscounted:			
	(a) In India	2,000,000,000	-
	(b) Outside India	-	-
		2,000,000,000	**-**
SCHEDULE X : Fixed Assets:			
	(At cost less depreciation)		
1	Premises		
	Gross Block b/f	1,362,648,920	1,358,476,715
	Additions during the year	10,005,185	15,416,727
	Disposals during the year	11,654,115	11,244,522
	Gross Block as at the end of the year	1,360,999,990	1,362,648,920
	Accumulated Depreciation	702,079,395	654,976,148
	Net Block	658,920,595	707,672,772
2	Others		
	Gross Block b/f	742,842,548	644,112,230
	Additions during the year	77,412,323	112,117,641
	Disposals during the year	14,949,403	13,387,323
	Gross Block as at the end of the year	805,305,468	742,842,548
	Accumulated Depreciation	656,953,040	574,599,681
	Net Block	148,352,428	168,242,867
		807,273,023	**875,915,639**
SCHEDULE XI : Other Assets :			
1	Accrued interest on		
	a) investments / bank balances	8,233,583,688	4,817,100,772
	b) loans and advances	8,385,714,528	6,761,193,485
2	Deposits with sundry parties	28,474,733	28,237,848
3	Advance Income Tax paid	7,665,872,428	5,570,480,123
4	Others [including Deferred tax asset of ₹ 6,157,332,569 (previous year - ₹ 2,776,580,504)]	9,981,986,970	5,748,363,499
		34,295,632,347	**22,925,375,727**

contd ....

contd ....

	THIS YEAR (As at 31.03.2014) ₹	PREVIOUS YEAR (As at 31.03.2013) ₹
SCHEDULE XII: Other Expenses :		
1 Export Promotion Expenses	26,590,495	23,566,822
2 Expenses on and related to Data Processing	28,688,474	6,862,979
3 Repairs and Maintenance	104,358,025	97,877,921
4 Printing and Stationery	12,030,978	14,161,314
5 Others	349,063,811	272,235,446
	520,731,783	**414,704,482**
SCHEDULE XIII : Interest and Discount :		
1 Interest and Discount on loans and advances/bills discounted/rediscounted	48,157,573,078	40,559,451,972
2 Income on Investments/bank balances	20,305,954,687	15,511,604,257
	68,463,527,765	**56,071,056,229**
SCHEDULE XIV : Other Income :		
1 Net Profit on sale/revaluation of investments	1,511,894,075	1,573,274,270
2 Net Profit on sale of land, buildings and other assets	96,194,037	(1,275,059)
3 Others	7,175,705	7,311,354
	1,615,263,817	**1,579,310,565**

Note : *Deposits under 'Liabilities' [ref. Schedule IV (a)] include `on shore' foreign currency deposits aggregating US$ 352.23 mn. (Previous year US$ 455.93 mn.) kept by counterparty banks / institutions with Exim Bank against reciprocal rupee deposits / bonds. Cash & Bank Balances under `Assets' [ref.Schedule VI 3.(a) ii)] include rupee deposits aggregating ₹ 18.38 bn (Previous year ₹21.63 bn) on account of swaps. Investments under `Assets' [ref. Schedule VII 4.] include bonds aggregating ₹ 2.38 bn (Previous year ₹2.51 bn) on account of swaps.*

To

The President of India

Report on the Financial Statements

MZSK & Associates Chartered Accountants

1. We have audited the accompanying financial statements of the Export Development Fund of the Export-Import Bank of India ('the Bank'), which comprises the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of the financial statements in accordance with the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information in accordance with the requirements of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Balance Sheet, of the state of affairs of the Export Development Fund of the Bank as at 31st March, 2014;

   ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder.

8. **We report that:**

   i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

   ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

   iii) In our opinion, the Balance Sheet and Profit and Loss Account comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

9. **We further report that:**

   i) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns.

   ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

For MZSK & Associates

Chartered Accountants

Firm Registration no. 105047W

Abuali Darukhanawala

Partner (M. No. 108053)

Mumbai

April 29, 2014

BALANCE SHEET as at 31st March, 2014

EXPORT DEVELOPMENT FUND

		THIS YEAR (As at 31.03.2014) ₹	PREVIOUS YEAR (As at 31.03.2013) ₹
LIABILITIES			
1	Loans :		
	(a) From Government	-	-
	(b) From Other Sources	-	-
2	Grants:		
	(a) From Government	128,307,787	128,307,787
	(b) From Other Sources	-	-
3	Gifts, Donations, Benefactions :		
	(a) From Government	-	-
	(b) From Other Sources	-	-
4	Other Liabilities	148,958,318	132,958,318
5	Profit and Loss Account	381,168,912	350,074,930
	TOTAL	**658,435,017**	**611,341,035**
ASSETS			
1	Bank Balances		
	a) in current accounts	356,430	242,507
	b) in other deposit accounts	498,903,005	469,252,429
2	Investments	-	-
3	Loans & Advances :		
	(a) In India	-	-
	(b) Outside India	8,505,318	8,505,318
4	Bills of Exchange and Promissory Notes Discounted, Rediscounted :		
	(a) In India	-	-
	(b) Outside India	-	-
5	Other Assets		
	(a) Accrued interest on		
	i) Loans and Advances	-	-
	ii) Investments/bank balances	10,238,561	8,909,078
	(b) Advance Income Tax paid	140,431,703	124,431,703
	(c) Others	-	-
	TOTAL	**658,435,017**	**611,341,035**
CONTINGENT LIABILITIES			
	(i) Acceptances, Guarantees, endorsements & other obligations	-	-
	(ii) On outstanding forward exchange contracts	-	-
	(iii) On underwriting commitments	-	-
	(iv) Uncalled Liability on partly paid investments	-	-
	(v) Claims on the Bank not acknowledged as debts	-	-
	(vi) Bills for collection	-	-
	(vii) On participation certificates	-	-
	(viii) Bills Discounted/Rediscounted	-	-
	(ix) Other monies for which the Bank is contingently liable	-	-

Note : *The Bank has established Export Development Fund in terms of Section 15 of Export-Import Bank of India Act, 1981 (the Act). In terms of Section 17 of the Act, before granting any loan or advance or entering into any such arrangement, Exim Bank has to obtain the prior approval of the Central Government.*

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu
Shri N. Shankar
Shri M.S. Raghavan

Shri Amitabh Kant
Shri S. S. Mundra
Smt. Arundhati Bhattacharya

Shri G. Padmanabhan
Smt. V. R. Iyer
Dr. Biswajit Dhar

Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

(Abuali Darukhanawala)
Partner
M. No. 108053

Mumbai
Dated : April 29, 2014

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2014

EXPORT DEVELOPMENT FUND

		THIS YEAR ₹	PREVIOUS YEAR ₹
EXPENDITURE			
1	Interest	-	-
2	Other Expenses	-	-
3	Profit carried down	47,093,982	46,601,193
	TOTAL	**47,093,982**	**46,601,193**
	Provision for Income Tax	16,000,000	15,120,000
	Balance of profit transferred to Balance Sheet	31,093,982	31,481,193
		47,093,982	**46,601,193**
INCOME			
1	Interest and Discount		
	(a) loans and advances	-	-
	(b) investments / bank balances	47,093,982	46,601,193
2	Exchange, Commission, Brokerage and Fees	-	-
3	Other Income	-	-
4	Loss carried to Balance Sheet	-	-
	TOTAL	**47,093,982**	**46,601,193**
	Profit brought down	47,093,982	46,601,193
	Excess Income/Interest tax provision of earlier years written back	-	-
		47,093,982	**46,601,193**

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu | **Shri Amitabh Kant** | **Shri G. Padmanabhan**
Shri N. Shankar | **Shri S. S. Mundra** | **Smt. V. R. Iyer**
Shri M.S. Raghavan | **Smt. Arundhati Bhattacharya** | **Dr. Biswajit Dhar**

Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

Mumbai
Dated : April 29, 2014

(Abuali Darukhanawala)
Partner
M. No. 108053

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

GENERAL FUND

Amount (₹ in Mn.)

PARTICULARS	YEAR ENDED MARCH 31, 2014	YEAR ENDED MARCH 31, 2013
Cash flow from Operating Activities		
Net Profit before tax and extra-ordinary items	10,202.1	10,887.6
Adjustments for		
- (Profit)/Loss on sale of fixed assets (Net)	(96.2)	1.3
- (Profit)/Loss on sale of Investments (Net)	(1,511.9)	(1,573.3)
- Depreciation	147.5	146.6
- Discount/Expenses on bond issues written off	52.5	264.9
- Transfer from Investment Fluctuation Reserve	-	-
- Provisions/Write Off of Loans/Investments & other provisions	13,896.6	6,150.7
- Others - to specify	-	-
	22,690.6	**15,877.8**
Adjustments for		
- Other Assets	(5,946.7)	6,032.7
- Current liabilities	13,199.3	6,467.1
Cash generated from operations	**29,943.3**	**28,377.6**
Payment of income tax/interest tax	(6,809.5)	(5,047.7)
Net cash flow from operating activities	**23,133.8**	**23,329.9**
Cash flow from Investing activities		
- Net purchase of fixed assets	17.3	(114.0)
- Net change in investments	(12,669.0)	8,708.9
Net cash used in / raised from Investing activities	**(12,651.7)**	**8,594.9**
Cash Flow from Financing activities		
- Equity capital infusion	7,000.0	2,000.0
- Loans borrowed (net of repayments made)	69,973.2	103,329.5
- Loans lent, bills discounted & rediscounted (net of repayments received)	(102,453.6)	(104,632.0)
- Dividend on equity shares & tax on dividend	(2,630.0)	(2,050.0)
(Balance of Net profits transferred to Central Government)		
Net cash used in / raised from Financing activities	**(28,110.3)**	**(1,352.5)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	**(17,628.2)**	**30,572.3**
OPENING CASH & CASH EQUIVALENTS	68,869.0	38,296.7
CLOSING CASH & CASH EQUIVALENTS	51,240.8	68,869.0

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu | **Shri Amitabh Kant** | **Shri G. Padmanabhan**

Shri N. Shankar | **Shri S. S. Mundra** | **Smt. V. R. Iyer**

Shri M.S. Raghavan | **Smt. Arundhati Bhattacharya** | **Dr. Biswajit Dhar**

Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

Mumbai
Dated : April 29, 2014

(Abuali Darukhanawala)
Partner
M. No. 108053

I - SIGNIFICANT ACCOUNTING POLICIES

(i) Financial Statements

a) Basis of preparation

Balance Sheet and Profit and Loss account of Export-Import Bank of India (Exim Bank) (General Fund and Export Development Fund) have been prepared in accordance with the accounting principles followed in India. The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated. The accounting policies that are applied by the Bank are consistent with those used in the previous year. The form and manner in which the Balance Sheet and the Profit and Loss Account of Exim Bank are prepared have been provided in Export-Import Bank of India, General Regulations, 1982 approved by Board of Directors with the previous approval of Government of India under Section 39 (2) of Export-Import Bank of India Act, 1981 (28 of 1981). Certain important financial ratios / data are disclosed as part of the "Notes to Accounts" in terms of Reserve Bank of India (RBI) Circular DBS.FID.No.C-18/01.02.00/2000-01 dated August 13, 2005 and thereafter.

b) Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

(ii) Revenue Recognition

Income/Expenditure is recognized on accrual basis except in respect of interest on Non–performing Assets (NPA) / Non-performing Investments and "Stressed Assets", penal interest, commitment charges and dividend, which are accounted on cash basis. NPAs are determined as per RBI guidelines issued to All-India Term Lending Institutions. Discount / redemption premium offered on Exim Bank Bonds has been amortised over the tenure of the bond and included in interest expenses.

(iii) Asset Classification and Provisioning

Loans and Advances shown in Balance Sheet comprise only principal outstandings net of provisions for Non Performing Assets (NPA). Interest receivables are grouped under "Other Assets".

Loan Assets are classified in to the following groups : Standard Assets, Sub-standard Assets, Doubtful Assets and Loss Assets, taking into consideration the degree of credit weaknesses and extent of dependence on collateral security for realisation of dues. Classification of loan assets and provisioning are as per RBI guidelines issued to All India Term Lending Institutions.

(iv) Investments

The entire investment portfolio is classified under three categories:

(a) "Held to Maturity" (the securities acquired with the intention to hold them to maturity),

(b) "Held for Trading" (the securities acquired with the intention to trade by taking advantage of the short term price/interest rate movements, etc.) and

(c) "Available for Sale" (the balance investments).

The investments are further classified as:

i) Government securities

ii) Other approved securities

iii) Shares

iv) Debentures and Bonds

v) Subsidiaries/Joint Ventures

vi) Others (Commercial Papers, Mutual Fund Units, etc.)

The classification of various instruments of investments, categorisation, shifting among categories, valuation and provisioning of investments are done in accordance with the norms laid down by RBI to All-India Term Lending Institutions.

(v) Fixed Assets and Depreciation

(a) Fixed Assets are stated at historical cost less accumulated depreciation.

(b) Depreciation is provided for on straight-line method basis at the following rates:

ASSET	DEPRECIATION RATE
Owned Buildings	5%
Furniture & Fixtures	25%
Office Equipment	25%
Other Electrical Equipment	25%
Computers and Computer Software	25%
Motor Vehicles	25%
Mobile Phones and other electronic items subject to rapid technological obsolescence	33.33%

(c) In respect of assets acquired during the year, depreciation is provided for the entire year in the year of purchase and in respect of assets sold during the year, no depreciation is provided in the year of sale.

(d) When a depreciable asset is disposed of, discarded, demolished or destroyed, the net surplus or deficit is adjusted in Profit and Loss Account.

(vi) Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date based on internal / external factors to provide for impairment in the value of the assets or reverse impairment losses recognized in previous periods, as applicable. Impairment loss is recognized when the carrying amount on an asset exceeds recoverable amount.

(vii) Accounting for Foreign Currency Transactions

(a) Assets and liabilities denominated in foreign currency are translated at the exchange rate notified by the Foreign Exchange Dealers' Association of India (FEDAI) at year end.

(b) Income and expenditure items are translated at the average rates of exchange during the year.

(c) Outstanding foreign exchange contracts are revalued at rates of exchange notified by the FEDAI for specified maturities and the resulting profits/ losses are included in the Profit and Loss account.

(d) Contingent liabilities in respect of guarantees, acceptances, endorsements and other obligations are stated at the rates of exchange notified by FEDAI at year end.

(viii) Guarantees

Provisioning for guarantees is made taking into account the likely losses on projects till their completion, for uncovered portion under ECGC policies.

(ix) Derivatives

The Bank presently deals in derivative contracts such as Interest Rate Swaps, Currency Swaps, Cross-Currency Interest Rate Swaps and Forward Rate Agreements, for hedging its assets and liabilities. Based on RBI Guidelines, the above derivatives undertaken for hedging purposes are accounted on accrual basis. Qualitative and Quantitative disclosures pertaining to outstanding derivative contracts are reported in the "Notes to Accounts" in accordance with RBI's Master Circular "Disclosure norms for Financial Institutions" on the Balance Sheet date.

(x) Provision for Employee Benefits

a) Provident Fund, Gratuity Fund and Pension Fund are defined benefit schemes administered by the Bank and the Bank's contributions to these funds are charged to the Profit and Loss Account of the year.

b) Gratuity and Pension are defined benefit obligations. Liabilities towards these obligations are provided for on the basis of actuarial valuation at the end of each financial year based on the projected unit credit method.

c) Liability towards leave encashment is provided for on the basis of actuarial valuation at year end.

(xi) Accounting for taxes on Income

(a) Provision for current tax is made, based on the tax payable under the relevant statute.

(b) Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax law enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of realisation.

(xii) Provisions, Contingent Liabilities and Contingent Assets

As per AS 29 – "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

II NOTES TO ACCOUNTS – GENERAL FUND

1. Agency Account

As Exim Bank is acting only in the capacity of an agency to facilitate certain transactions in Iraq relating to Indian contractors, foreign currency receivables advised to the Bank equivalent to ₹ 41.18 bn. (previous year ₹ 37.31 bn) held on agency account including a sum of ₹ 37.21 bn (previous year ₹ 33.71 bn) assigned to Government of India (GOI) are not included in the above Balance Sheet.

2. Income-Tax

The capital of the Bank is wholly subscribed by the Central Government and the Bank does not have any share capital. The balance of profit transferable to Central Government in accordance with Section 23 (2) of The Export-Import Bank of India Act, 1981 is not termed as dividend. Consequently, dividend distribution tax is considered not payable, in the light of the judgement passed by ITAT in case no. ITA No. 2025 / Mum / 2000 on December 18, 2006 and hence no provision has been made for the same.

3. (a) Contingent Liabilities

Guarantees include expired guarantees of ₹ 3.21 bn (previous year ₹ 5.37 bn), yet to be cancelled in books.

(b) Claims not acknowledged as debts

The amount of ₹ 2.25 bn (previous year ₹ 2.25 bn) shown under Contingent Liabilities as "Claims on the Bank not acknowledged as debts", pertains to claims/counter-claims filed against the Bank mostly by Bank's defaulting borrowers in response to legal action initiated against them by the Bank. None of the claims / counter-claims is considered as maintainable in the opinion of Bank's solicitors and none of them has reached the stage of final hearing. Based on professional advice, no provision is considered necessary.

(c) Forward Exchange Contracts, Currency / Interest rate Swaps

(i) The outstanding forward exchange contracts as at March 31, 2014 have been fully hedged. The Bank undertakes derivatives transactions (Interest Rate Swaps, Forward Rate Agreements and Currency-cum-interest rate swaps), for the purpose of Asset-Liability management as per RBI guidelines issued vide circular Ref. No. MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999 and thereafter. The Bank also unwinds and re-enters such transactions based on requirements/market conditions. The outstanding derivative transactions are captured in the interest rate sensitivity position, which is monitored by the Asset Liability Management Committee (ALCO) and reviewed by the Board. The credit equivalent of derivatives is arrived at as per `Current Exposure' method prescribed by RBI. The fair value and the price value of a basis point (PV01) of derivatives are disclosed separately in the 'Notes to Accounts' as stipulated by RBI. The premium or discount arising at inception of forward exchange contracts is amortized over the life of the contracts. Any profit or loss arising on cancellation of forward exchange contracts is recognized as income / expense for the year.

(ii) The Bank is permitted to be a 'market maker' for offering long-dated Foreign Currency - Rupee Swaps to clients / non-clients.

d) Profit / Loss on Exchange fluctuation

Assets and liabilities denominated in foreign currency are translated at the exchange rate notified by the Foreign Exchange Dealers' Association of India (FEDAI) at year end. Income and expenditure items are translated at the average rates of exchange during the year. The notional profit on such translation of the retained earnings on FC operations during the current year is ₹ 0.20 bn (previous year ₹ 0.04 bn).

4. Disclosure relating to Micro, Small and Medium Enterprises under the Micro, Small & Medium Enterprises Act, 2006: There have been no reported cases of delayed payments to Micro, Small and Medium Enterprises

ADDITIONAL INFORMATION AS REQUIRED BY RESERVE BANK OF INDIA

5. Capital

(a)

Particulars	As on March 31, 2014	As on March 31, 2013
(i) Capital to Risk Assets Ratio (CRAR)	14.32%	15.28%
(ii) Core CRAR	12.78%	13.71%
(iii) Supplementary CRAR	1.54%	1.57%

(b) The amount of subordinated debt raised and outstanding as on March 31, 2014 as Tier-II capital: ₹ NIL (previous year: ₹ NIL)

(c) Risk weighted assets –

(₹ bn)

Particulars	As on March 31, 2014	As on March 31, 2013
(i) 'On' balance sheet items	457.37	407.88
(ii) 'Off' balance sheet items	117.92	75.85

(d) The share holding pattern as on the date of the balance sheet: Capital Wholly subscribed by Government of India.

- The CRAR and other related parameters have been determined as per the extant capital adequacy norms prescribed by RBI for the Financial Institutions (FIs).

6. Asset quality and credit concentration as on March 31, 2014

(a) Percentage of net Non-performing Assets (NPAs) to net loans and advances :
0.43 (previous year 0.47)

(b) Amount and percentage of net NPAs under the prescribed asset classification categories:

(₹ bn)

Particulars	As on March 31, 2014		As on March 31, 2013	
	Amount	Percentage	Amount	Percentage
Sub-standard Assets	3.21	0.43	3.05	0.47
Doubtful Assets	-	-	-	-
Loss Assets	-	-	-	-
Total	**3.21**	**0.43**	**3.05**	**0.47**

(c) Amount of provisions made during the year towards :

(₹ bn)

Particulars	2013-14	2012-13
Standard Assets	0.98	1.83
NPAs	8.94	6.48
Investments (other than those in the nature of advance)	1.01	0.25
Income Tax	3.10	3.46

(d) Movement in net NPAs :

(₹ bn)

Particulars	2013-14	2012-13
Net NPAs at the beginning of the year	3.05	1.56
Add : New NPAs during the year	3.21	3.05
Less : Recoveries / upgradations during the year	3.05	1.56
Net NPAs at the end of the year	3.21	3.05

(e) Provisions for Non-Performing Assets (comprising loans, bonds and debentures in the nature of advance and inter-corporate deposits)(excluding provision for standard assets):

(₹ bn)

Particulars	2013-14	2012-13
Opening balance as at the beginning of the year	12.10	6.40
Add : Provisions made during the year	8.94	6.48
Less: Write off / write back of excess provision *	8.29	0.78
Closing balance at the end of the year	12.75	12.10

(including amounts transferred to Reserve for Redemption of Security Receipts of Asset Reconstruction Companies (ARCs) on sale of NPAs to ARCs)*

(f) Provisioning Coverage Ratio (PCR):

	2013-14	2012-13
Provision Coverage Ratio	81.34%	82.67%

(g) Concentration of Deposits, Advances, Exposures and NPAs:

Concentration of Deposits:

(₹ bn)

Particulars	2013-14	2012-13
Total Deposits of twenty largest depositors	0.68	2.88
Percentage of deposits of twenty largest depositors to total deposits of the bank	25.89%	47.28%

Concentration of Advances:

(₹ bn)

Particulars	2013-14	2012-13
Total advances to twenty largest borrowers	100.31	89.45
Percentage of advances to Twenty largest borrowers to Total Advances of the Bank	13.22	13.64

Advances computed as per definition of Credit Exposure including derivatives furnished in RBI Master circular on Exposure Norms DBOD.FID.FIC.No.4/01.02.00/2013-14 dated July 1, 2013.

Concentration of Exposures:

(₹ bn)

Particulars	2013-14	2012-13
Total Exposures to twenty largest borrowers/customers	145.94	138.12
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	10.77	11.54

Exposure computed based on credit and investment exposure as prescribed in RBI Master Circular on Exposure norms: DBOD.No.FID.FIC.4/01.02.00/2013-14 dated July 1, 2013.

Credit exposure to banks and overseas institutions guaranteed by GOI / assumed at the behest of GOI, not considered for single/group borrowers exposure.

Concentration of NPAs:

(₹ bn)

	2013-14	2012-13
Total Exposure to top four NPA accounts	6.91	4.91

I. Sector-wise NPAs:

Sr No	Sector	Percentage of NPAs to Total Advances in that sector	
		2013-14	2012-13
1.	Agriculture and allied activities	-	-
2.	Industry (Micro & small, Medium and Large)	2.10	2.31
3.	Services	-	-
4.	Personal Loans	-	-

II. Movement of NPAs:

(₹ bn)

Particulars	2013-14	2012-13
Gross NPAs as on 1st April (opening balance) (A)	**15.15**	**7.96**
Additions :		
(i) (Fresh NPAs) during the year	19.69	9.20
(ii) Interest funding	0.50	0.03
(iii) Exchange Fluctuation	0.44	0.10
Sub-Total (B)	**20.63**	**9.33**
Less:-		
(i) Up gradations	0.27	0.86
(ii) Recoveries (excluding recoveries made from upgraded accounts)	16.09	1.01
(iii) Write-offs	3.46	0.27
(iv) Exchange fluctuation	-	-
Sub-total (C)	**19.82**	**2.14**
Gross NPAs as on 31st March (closing balance) (A+B-C)	**15.96**	**15.15**

- Gross NPAs as per item 2 of Part A of Annex – 1 to DBOD circular DBOD.No.BP.BC.1 / 21.04.048/2013-14 dated July 01, 2013

III. Overseas Assets, NPAs and Revenue:

(₹ bn)

Particulars	2013-14	2012-13
Total Assets	76.95	40.15
Total NPAs	-	-
Total Revenue	4.38	1.69

The above figures pertain to Bank's London branch, which started operations in October 2010.

IV. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Name of the SPV sponsored	
Domestic	Overseas
-	-

(h) Financial Assets sold during the year to Securitisation Company (SC)/Reconstruction Company (RC) for asset reconstruction :

(₹ bn)

Sr.	Particulars	2013-14	2012-13
(i)	No. of Accounts	67	1
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	9.36	0.65
(iii)	Aggregate consideration	16.58	0.65
(iv)	Consideration realised in respect of accounts transferred in earlier years	0.06	0.00
(v)	Aggregate gain over net book value	7.22	0.00

- The "Assets sold to Reconstruction Companies" have been reckoned as defined in RBI Master Circular DBOD No. FID.FIC.2/01.02.00/2006-07 dated July 01, 2006 and thereafter.

(i) Non-performing Investments

(₹ bn)

Particulars	2013-14	2012-13
Opening balance as at the beginning of the year	0.58	0.49
Additions during the year	0.15	0.09
Reductions during the year	0.21	-
Closing balance at the end of the year	0.52	0.58
Total provisions held	0.52	0.58

(j) Provisions for depreciation in investments

(₹ bn)

Particulars	2013-14	2012-13
Opening balance as at the beginning of the year	2.68	2.33
Add :		
(i) Provisions made during the year/(written back)	0.95	0.35
(ii) Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
Less :		
(i) Write off during the year	0.01	-
(ii) Transfer, if any, to Investment Fluctuation Reserve Account	-	-
Closing balance as at the end of the year	3.62	2.68

(k) Particulars of accounts restructured during FY 2013-14:

(₹ bn)

Category	Details	CDR Mechanism	SME Debt Mechanism	Others
Standard Advances restructured	No. of Borrowers	13	3	10
	Amount Outstanding	13.92	0.14	7.29
	Sacrifice (diminution in the fair value)	1.96	0.001	0.19
Sub-Standard Advances restructured	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Doubtful Advances restructured	No. of Borrowers	3	-	1
	Amount Outstanding	1.65	-	0.15
	Sacrifice (diminution in the fair value)	0.12	-	-
Total	No. of Borrowers	16	3	11
	Amount Outstanding	15.57	0.14	7.44
	Sacrifice (diminution in the fair value)	2.08	0.001	0.19

Note: Applications for restructuring of loans aggregating ₹ 3.96 bn in respect of 7 borrowers were under process as on March 31, 2014.

Previous year (Particulars of accounts restructured during FY 2012-13):

(₹ bn)

Category	Details	CDR Mechanism	SME Debt Mechanism	Others
Standard Advances restructured	No. of Borrowers	21	1	10
	Amount Outstanding	20.32	0.03	6.48
	Sacrifice (diminution in the fair value)	2.28	0.002	0.10
Sub-Standard Advances restructured	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Doubtful Advances restructured	No. of Borrowers	-	1	-
	Amount Outstanding	-	0.05	-
	Sacrifice (diminution in the fair value)	-	-	-
Total	No. of Borrowers	21	2	10
	Amount Outstanding	20.32	0.08	6.48
	Sacrifice (diminution in the fair value)	2.28	0.002	0.10

Note: Applications for restructuring of loans aggregating ₹ 4.55 bn in respect of 9 borrowers were under process as on March 31, 2013.

(l) Credit Exposure:

	Particulars	Percentage to Capital Funds *	Percentage to Total Credit Exposure (TCE) @	Percentage to Total Assets
i)	Largest single borrower	18.60	1.01	1.58
ii)	Largest borrower group	29.63	1.62	2.51
iii)	10 largest single borrowers	115.10	6.28	9.77
iv)	10 largest borrower groups	189.22	10.32	16.05

* Capital Funds as on March 31, 2013

@ TCE: Loans + Advances + Un-utilized Sanctions + Guarantees + Credit exposure on account of derivatives.

1) Credit exposure to banks and overseas institutions guaranteed by GOI / assumed at the behest of GOI, not considered for single/group borrowers exposure.
2) There was 1 borrower as on March 31, 2014 for whom exposure over 15% of capital funds was assumed with the approval of the Board/ Management Committee. Exposure to this borrower as on March 31, 2014 stood at 19% of the capital funds of the Bank.

Previous Year:

Particulars	Percentage to Capital Funds *	Percentage to Total Credit Exposure (TCE) @	Percentage to Total Assets
i) Largest single borrower	14.72	0.84	1.31
ii) Largest borrower group	36.38	2.06	3.25
iii) 10 largest single borrowers	118.89	6.75	10.61
iv) 10 largest borrower groups	190.25	10.80	16.98

* Capital Funds as on March 31, 2012

@ TCE: Loans + Advances + Un-utilized Sanctions + Guarantees + Credit exposure on account of derivatives.
Credit exposure to banks and overseas institutions guaranteed by GOI / assumed at the behest of GOI, not considered for single/group borrowers exposure.

(m) Credit exposure to the five largest industrial sectors:

Sector	Percentage to Total Credit Exposure (TCE)	Percentage to Loan Assets
i) Ferrous Metal & Metal Processing	10.94	8.84
ii) EPC Services	9.25	7.48
iii) Textiles and Garments	7.57	6.12
iv) Oil and Gas	6.62	5.35
v) Drugs & Pharmaceuticals	6.24	5.05

Previous Year:

Sector	Percentage to Total Credit Exposure (TCE)	Percentage to Loan Assets
i) Ferrous Metal & Metal Processing	10.41	9.74
ii) EPC Services	9.41	8.80
iii) Textiles and Garments	8.06	7.54
iv) Drugs & Pharmaceuticals	6.28	5.88
v) Auto & auto components	5.55	5.19

- The "credit exposure" has been reckoned as defined by RBI.
  Exposure to banks and exposure under Lines of Credit/Buyer's Credit to overseas entities have been excluded.

(n) Issuer categories in respect of Investments in Non- Government Securities

(₹ bn)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	"below investment grade" Securities held	"unrated" Securities held	"unlisted" Securities held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.04	-	-	0.04	0.04
2	FIs	2.59	2.35	-	0.24	2.59**
3	Banks	0.25	0.15	-	0.10	0.10
4	Private corporates	19.83	19.77	-	19.65	18.54*
5	Subsidiaries / Joint ventures	0.0032	-	-	0.0032	0.0032
6	Others	-	-	-	-	-
7	# Provision held towards depreciation	2.13	-	-	-	-
	Total	**22.71**	**22.27**	**-**	**20.03**	**21.27**

\# Only aggregate amount of provision held to be disclosed in column 3

* Out of which ₹ 17.82 bn represents investment in security receipts issued by Asset Reconstruction Companies (ARCs) and ₹ 0.52 bn of investments are in shares/ debentures acquired as part of loan restructuring.

** Out of which ₹ 2.35 bn were by way of US$ / INR Swap undertaken with RBI approval.
Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

Previous Year:

(₹ bn)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	"below investment grade" Securities held	"unrated" Securities held	"unlisted" Securities held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.04	-	-	0.04	0.04
2	FIs	2.75	2.51	-	0.24	2.75**
3	Banks	0.25	0.15	-	0.10	0.10
4	Private corporates	4.53	3.57	-	4.17	3.30*
5	Subsidiaries / Joint ventures	0.0032	-	-	0.0032	0.0032
6	Others	2.35	-	-	0.0025	0.0025
7	# Provision held towards depreciation	2.08	-	-	-	-
	Total	**9.92**	**6.23**	**-**	**4.56**	**6.20**

\# Only aggregate amount of provision held to be disclosed in column 3

* Out of which ₹ 2.14 bn represents investment in security receipts issued by Asset Reconstruction Companies (ARCs) and ₹ 0.79 bn of investments are in shares/ debentures acquired as part of loan restructuring.

** Out of which ₹ 2.51 bn were by way of US$ / INR Swap undertaken with RBI approval.
Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

7. Liquidity

(a) Maturity pattern of rupee assets and liabilities; and

(b) Maturity pattern of foreign currency assets and liabilities.

(₹ bn)

Items	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	237.64	161.41	192.57	123.35	203.53	918.50
Foreign currency assets	183.18	156.94	188.31	118.22	220.26	866.91
Total assets	**420.82**	**318.35**	**380.88**	**241.57**	**423.79**	**1,785.41**
Rupee liabilities	224.58	151.76	109.70	54.63	246.09	786.76
Foreign currency liabilities	177.06	135.92	187.70	117.78	241.88	860.34
Total Liabilities	**401.64**	**287.68**	**297.40**	**172.41**	**487.97**	**1,647.10**

Previous Year:

(₹ bn)

Items	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	240.67	144.26	127.33	121.42	131.20	764.88
Foreign currency assets	217.18	147.01	132.25	63.87	138.50	698.81
Total assets	**457.85**	**291.27**	**259.58**	**185.29**	**269.70**	**1,463.69**
Rupee liabilities	240.12	140.93	42.73	31.20	203.48	658.46
Foreign currency liabilities	215.79	146.80	117.16	53.47	161.15	694.37
Total Liabilities	**455.91**	**287.73**	**159.89**	**84.67**	**364.63**	**1,352.83**

- For the maturity pattern of assets and liabilities, the bucketing of various items of assets and liabilities in the specified time buckets have been done in accordance with the RBI Guidelines on Asset Liability Management System issued vide circular DBS.FID.No.C-11/01.02.00/1999-2000 dated December 31, 1999 and thereafter.

(c) Repo Transactions:

(₹ bn)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2014
Securities sold under repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	5.00	0.21	-

Previous Year:

(₹ bn)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2013
Securities sold under repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	0.48	0.017	-

8. Disclosure on risk in derivatives in terms of RBI Guidelines dated July 01, 2013

a) Qualitative Disclosure

1. The Bank uses financial derivative transactions predominantly for raising cost-effective funds and hedging its balance sheet exposures, with the objective of reducing market risk. The Bank currently deals only in over-the-counter (OTC) interest rate and currency derivatives, of the type permitted by RBI.
2. Derivative transactions carry (i) market risk i.e. the probable loss that the Bank may incur as a result of adverse movements in interest rates / exchange rates and (ii) credit risk i.e. the probable loss the Bank may incur if the counter-parties fail to meet their obligations. The Bank has in place a Derivative Policy approved by the Board, which aims at synchronizing the risk management objectives at the transaction level with those of the overall ALM position. The policy defines the use of permitted derivative products consistent with business goals of the Bank, lays down the control and monitoring systems and deals with regulatory, documentation and accounting issues. The policy also prescribes suitable risk parameters to control and manage market risk on derivative trades undertaken in the treasury book. (stop-loss limits, open position limits, tenor limits, settlement and pre-settlement risk limits, PV01 limits).
3. The ALCO of the Bank oversees management of market risks with support from the Bank's Mid-Office, which measures, monitors and reports market risk associated with derivative transactions.
4. All derivative transactions outstanding in the Bank's books as on March 31, 2014 have been undertaken for hedging purposes and are in the ALM book. The income on such transactions has been accounted for on accrual basis.
5. Interest Rate Swaps (IRS) are not included in Outstanding Forward Exchange Contracts under Contingent Liabilities as per the Derivative Policy.

b) Quantitative Disclosure:

(₹ bn)

Sr. No.	Particulars	2013-14		2012-13	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
1	Derivatives (Notional Principal Amount)				
	a) For hedging	280.99	167.53	185.25	126.87
	b) For trading	-	-	-	-
2	Marked to Market Positions				
	a) Asset (+)	-	-	-	1.49
	b) Liability (-)	29.91	2.99	6.88	-
3	Credit Exposure	17.41	1.73	11.40	2.57
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	12.33	6.85	6.92	6.07
	b) on trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging				
	(i) Maximum	12.48	6.85	6.92	6.17
	(ii) Minimum	8.02	5.59	4.72	1.95
	b) on trading				
	(i) Maximum	-	-	-	-
	(ii) Minimum	-	-	-	-

c) Disclosure on Interest Rate derivatives traded on exchanges:

(₹ bn)

Sr. No.	Particulars	Amount
1.	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	-
2.	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2014 (instrument-wise)	-
3.	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-

d) Disclosure on Forward Rate Agreements and Interest rate swaps:

(₹ bn)

Sr. No.	Particulars	2013-14		2012-13	
		Hedging	Trading	Hedging	Trading
1.	The Notional Principal of swap agreements	167.53	-	126.87	-
2.	Losses, which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.42	-	0.35	-
3.	Concentration of credit risk arising from Swaps	All transactions fall within approved credit exposure limits	-	All transactions fall within approved credit exposure limits	-
4.	The fair value of the swap book	(2.99)	-	1.49	-

Nature and Terms of Swaps: All transactions have underlying assets / liabilities and have been undertaken for the purpose of hedging the Bank's ALM position.

9. Operating results :

Sr. no.	Particulars	2013-14	2012-13
(i)	Interest income as a percentage to average working funds	8.32	7.94
(ii)	Non-interest income as a percentage to average working funds	0.52	0.53
(iii)	Operating profit as a percentage to average working funds	2.93	2.41
(iv)	Return on average assets	0.86	1.05
(v)	Net Profit per (permanent) employee (in ₹ bn)	0.024	0.027

- For operating results, the working funds and total assets have been taken as the average of the figures as at the end of the previous accounting year, the end of the succeeding half year and the end of the accounting year under report. (The "working funds" refer to the total assets).
- All permanent, full-time employees in all cadres have been reckoned for computing per employee net profit.

10. Details of Fixed Assets :

Details of Fixed Assets are given below as prescribed in AS -10 Accounting for Fixed Assets issued by the ICAI.

(₹ bn)

Particulars	Premises	Others	Total
Gross Block			
Cost as on 31st March 2013	1.36	0.74	2.10
Additions	0.01	0.08	0.09
Disposals	0.01	0.01	0.02
Cost as on 31st March 2014 (A)	1.36	0.81	2.17
Depreciation			
Accumulated as on 31st March 2013	0.65	0.58	1.23
Provided during the year	0.06	0.09	0.15
Eliminated on disposals	0.01	0.01	0.02
Accumulated as on 31st March 2014 (B)	0.70	0.66	1.36
Net Block (A-B)	**0.66**	**0.15**	**0.81**

Previous Year:

(₹ bn)

Particulars	Premises	Others	Total
Gross Block			
Cost as on 31st March 2012	1.36	0.64	2.00
Additions	0.01	0.11	0.12
Disposals	0.01	0.01	0.02
Cost as on 31st March 2013 (A)	1.36	0.74	2.10
Depreciation			
Accumulated as on 31st March 2012	0.60	0.49	1.09
Provided during the year	0.05	0.10	0.15
Eliminated on disposals	0.00	0.01	0.01
Accumulated as on 31st March 2013 (B)	0.65	0.58	1.23
Net Block (A-B)	**0.71**	**0.16**	**0.87**

11. Accounting for Government grants

GOI has agreed to pay interest equalisation amount to the Bank towards specific Lines of Credit extended by the Bank to foreign Governments, overseas banks/ institutions and the same is accounted on accrual basis.

12. Segment Reporting

The Bank's operations predominantly comprise of only one segment i.e. financial activities, hence there are no separate reportable segments under AS–17 Segment Reporting issued by the ICAI.

13. Related party disclosures

As per AS–18 Related Party Disclosure issued by the ICAI, the Bank's related parties are disclosed below:

- Relationship
  - (i) Joint Ventures :
    - Global Procurement Consultants Limited
  - (ii) Key Management Personnel :
    - Shri T. C. A. Ranganathan (Chairman of GPCL) (upto November 30, 2013)
    - Shri Yaduvendra Mathur (Chairman of GPCL) (from March 5, 2014)
- The Banks' related party balances and transactions are summarised as follows :

(₹ mn)

Particulars	Joint Venture 2013-14	Joint Venture 2012-13
Loans granted	-	-
Guarantees issued	2.42	2.64
Interest received	-	-
Guarantee commission received	0.01	0.02
Receipts towards services rendered	0.01	0.01
Term Deposit Accepted	6.58	6.06
Interest on Term Deposits	0.58	0.56
Amounts written-off/written-back	-	-

Loans outstanding at year-end : NIL (previous year Nil).

Guarantees outstanding at year-end: ₹ 2.42 mn (previous year ₹ 2.64 mn)

Investments outstanding at year end: ₹ 3.23 mn (previous year ₹ 3.23 mn)

Maximum Loan outstanding during the year : Nil (previous year Nil)

Maximum Guarantees outstanding during the year : ₹ 5.17 mn (previous year ₹ 8.48 mn)

- RBI circular DBOD No. BP.BC.89/21.04.018/2002-03 dated March 29, 2003, issued to Commercial Banks, excludes disclosure of transactions where there is only one related party in any category (i.e. Key Management Personnel).

14. Accounting for Taxes on Income

(a) Details of Provision for Tax for current year :

	(₹ bn)
(i) Tax on Income	6.48
(ii) Less : Net deferred tax Asset	3.38
	3.10

(b) Deferred Tax Asset :

The composition of deferred tax assets and liabilities into major items is given below:

Particulars	(₹ bn)
Deferred Tax Assets	
1. Provision Disallowed (Net)	9.59
2. Depreciation on Fixed Assets	0.03
	9.62
Less : Deferred Tax Liability	
1. Amortization of Bond issue expenses	0.41
2. Special Reserve created under section 36 (1) (viii)	3.05
	3.46
Net Deferred Tax Assets [included in 'Other Assets' in the 'Assets' side of the Balance Sheet]	6.16

15. Financial Reporting of Interest in Joint Ventures

I

	Jointly Controlled Entities	Country	Percentage of holding	
			Current Year	Previous Year
A	Global Procurement Consultants Limited	India	28%	28%

II. Aggregate amount of assets, liabilities, income and expenses related to the interest in the jointly controlled entities is as under:

(₹ mn)

Liabilities	2013-14	2012-13	Assets	2013-14	2012-13
Capital & Reserves	18.19	15.28	Fixed Assets	0.10	0.16
Loans	0.00	0.00	Investments	6.31	7.62
Other Liabilities	5.92	2.17	Other Assets	17.70	9.67
Total	**24.11**	**17.45**	**Total**	**24.11**	**17.45**

Contingent Liabilities: NIL (Previous year NIL)

(₹ mn)

Expenses	2013-14	2012-13	Income	2013-14	2012-13
Other Expenses	10.72	8.37	Consultancy Income	13.99	10.03
Provisions	1.43	0.90	Interest income & Income from investment	0.74	0.92
			Other Income	0.32	(0.02)
Total	**12.15**	**9.27**	**Total**	**15.05**	**10.93**

Note : Figures for GPCL for FY 2013-14 are unaudited and provisional.

16. Impairment of Assets

A substantial portion of the Bank's assets comprise of 'financial assets' to which Accounting Standard 28 "Impairment of Assets" is not applicable. In the opinion of the Bank, there is no impairment of its assets (to which the standard applies) as at March 31, 2014 requiring recognition in terms of the said standard.

17. Employee benefits

The Bank has adopted Accounting Standard 15(R) – Employee Benefits, issued by The Institute of Chartered Accountants of India (ICAI) w.e.f. April 01, 2007. The Bank recognizes in its books the liability arising out of Employee Benefits as present value of obligations as reduced by the fair value of plan assets on the Balance Sheet date.

A) Amount to be recognized in the Balance Sheet

(₹ bn)

Particulars	Pension Fund	Gratuity
Fair value of Plan Assets at the end of the period	0.462	0.062
Present value of Benefit Obligation at the end of the period	0.486	0.067
Funded Status	(0.024)	(0.005)
Unrecognized past service cost at the end of the period	-	-
Unrecognized transitional liability at the end of the period	-	-
Net Liability recognized in the Balance Sheet	0.024	0.005

B) Expense to be recognized in the Profit and Loss Account

(₹ bn)

Particulars	Pension Fund	Gratuity
Current Service Cost	0.020	0.006
Interest Cost	0.037	0.005
Expected Return on Plan Assets	(0.028)	(0.004)
Actuarial Losses / (Gains)	0.002	(0.003)
Past Service Cost - Non–vested Benefit	-	-
Past Service Cost – vested benefit	-	-
Transitional liability	-	-
Expense recognized in P&L	0.031	0.004
Contributions by Employer	(0.127)	(0.008)

C) Summary of Actuarial Assumptions

Particulars	Pension Fund	Gratuity
Discount Rate (p.a.)	9.20%	9.31%
Expected Rate of Return on Assets (p.a.)	9.20%	9.31%
Salary Escalation Rate (p.a.)	7.00%	7.00%

In addition to the above, for the year 2013-14 the amount of Defined Benefit Obligation of Leave Encashment works out to ₹ 0.05 bn, which has been fully provided for.

During the year, an amount of ₹ 0.0004 bn has been contributed towards Provident Fund for meeting the interest payable to the employees.

18. Previous year's figures have been regrouped, wherever necessary. In cases where disclosures have been made for the first time in terms of RBI guidelines, previous year's figures have not been mentioned.

David Rasquinha
Executive Director

For and on behalf of the Board

Yaduvendra Mathur
Chairman & Managing Director

Dr. Gurdial Singh Sandhu | **Shri Amitabh Kant** | **Shri G. Padmanabhan**
Shri N. Shankar | **Shri S. S. Mundra** | **Smt. V. R. Iyer**
Shri M.S. Raghavan | **Smt. Arundhati Bhattacharya** | **Dr. Biswajit Dhar**

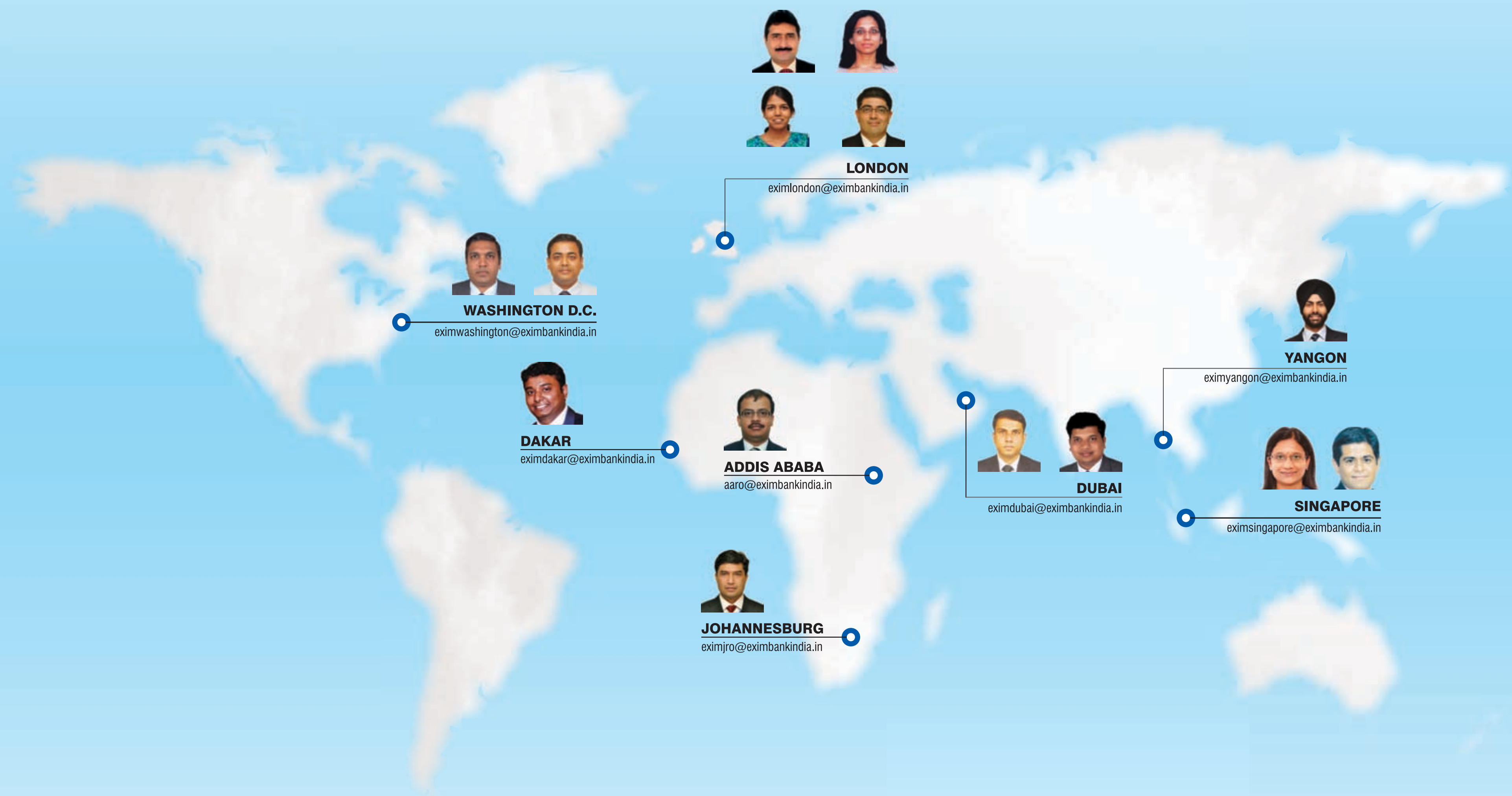
Directors

As per our attached report of even date
For MZSK & Associates
Chartered Accountants
Firm Regn. No. 105047W

(Abuali Darukhanawala)
Partner
M. No. 108053

Mumbai
Dated : April 29, 2014

Team - Overseas



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