21ST ANNUAL REPORT 2002-03

भारतीय निर्यात - आयात बैंक
EXPORT-IMPORT BANK OF INDIA

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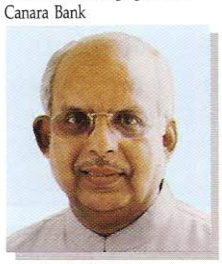
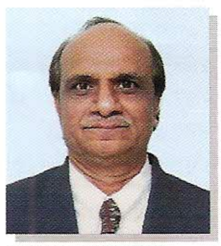


Dr. Vinayshil Gautam
Professor
Department of Management Studies
Indian Institute of Technology
New Delhi



Dr. Budhajirao R. Mulik
Vice President
Asian Association of Agricultural Engineering
Pune

The Past Decade

(Rs in million)

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	Cumulative (1993-2003)	Annual Average Growth %
Business												
Export Bids Submitted[1]	144590	95880	72000	93219	121741	160826	160643	42880	85510	119667	1096956	17
Commitments-in-Principle[2]	1730	4101	1766	1076	7175	8562	14757	6878	20640	23110	89795	78
Export Contracts Secured	16769	17030	16030	23196	18946	33068	34440	18331	41620	65310	284740	27
Loans												
Sanctions (Approvals)	6508	29030	24657	12421	18406	18380	28318	21743	42407	78283	280153	48
Disbursements	8109	15561	21300	12566	13704	12707	17296	18964	34529	53203	207939	23
Loan Assets[3]	20337	25961	29302	34513	38248	42641	50833	56443	68260	87736		17
Guarantees												
Commitments-in-Principle[2]	7682	8700	9810	11388	12191	16743	22097	5230	10604	7061	111506	14
Sanctions (Approvals)	1369	690	2027	1365	4024	2633	4404	2118	5450	9328	33408	52
Issued	1037	832	1731	1481	1912	2474	3017	1741	4164	7275	25664	15
Guarantee Portfolio	7517	6836	9081	10215	12094	10553	11147	10740	11273	16133		5
Resources												
Paid-up Capital	3574	4403	5000	5000	5000	5000	5500	5500	6500	6500		
Reserves	2261	3119	3997	5445	7058	8352	9584	10664	12026	13171		
Notes, Bonds & Debentures	6498	6440	8861	9165	8267	12850	20944	22915	33158	64902		
Deposits	1504	1620	1404	660	371	104	2617	2797	3416	9121		
Other Borrowings	10827	14431	13346	20352	21808	21285	20354	20255	16619	16467		
Total Resources	28916	36067	39694	49329	51201	56665	70264	73981	82734	123189		
Performance												
Profit Before Tax (PBT)	580	788	1100	1516	2017	2400	2273	2047	2212	2686	17619	20
Profit After Tax	580	788	1100	1516	2017	1650	1651	1541	1712	2066	14621	
Dividend	140	160	200	310	410	330	350	380	420	450	3150	16
Staff (Numbers)[4]	112	104	116	126	136	147	150	154	163	167		
Ratios												
Capital to Risk Assets Ratio (%)	26.3	34.3	31.9	31.7	30.5	26.6	24.4	23.8	33.1	26.9		
PBT to Capital (%)	16.7	19.8	23.4	30.3	40.3	48.0	43.3	37.2	36.9	41.3		
PBT to Net worth (%)	10.5	11.8	13.3	15.6	17.9	18.9	16.0	13.1	12.8	14.1		
PBT to Assets (%)	2.1	2.4	2.9	3.4	4.0	4.4	3.6	2.8	2.8	2.6		
PBT per Employee (Rs. mn)	5.2	7.3	10.0	12.5	15.4	17.0	15.3	13.5	14.0	16.3		

1 With introduction of Foreign Exchange Management Act (FEMA) in May 2001, pre-bid clearance procedure has been dispensed with. Bids submitted cover cases referred to Exim Bank.

2 Commitments-in-principle refer to financial facilities committed by Exim Bank at bid stage.

3 Loan Assets are net of claims settled by ECGC, effective 1997-98.

4 Denotes number of employees in the service of Exim Bank.

Note : Data pertains to General Fund.

Economic Environment

GLOBAL ECONOMY

Global output recovered during 2002, after a sharp slowdown in 2001. According to the IMF's World Economic Outlook, April 2003, global GDP registered a growth of 3.0 per cent during 2002, as compared to 2.3 per cent during the previous year. Economic activity was particularly strong in the first quarter of 2002, with GDP growth in a number of regions, particularly North America and emerging markets in Asia, exceeding expectations. Notwithstanding the upturn, the pace of recovery slowed down in the second half of 2002, and global financial markets weakened substantially. In the advanced economies, GDP registered a higher growth of 1.8 per cent in 2002 as compared to 0.9 per cent in 2001, while developing countries also registered a higher growth of 4.6 per cent in 2002 from 3.9 per cent in 2001.

In the US, economic activity recovered in late 2001 and early 2002, due to aggressive and timely response of policy makers, aided by improved fiscal position and credibility of monetary management. During the second quarter of 2002, however, growth slowed down due to a reduction in consumption as also weakened financial market conditions. Reflecting these developments, real GDP registered a growth of 2.4 per cent in 2002 as compared to a marginal 0.3 per cent growth in 2001. In Canada, real GDP growth recovered to 3.4 per cent in 2002 from a growth of 1.5 per cent in 2001, due to inventory correction, robust consumer spending and rebound in investment.

Exim Bank extends Line of Credit of US$ 200 mn to Iranian Banks to finance Indian exports to Iran. The agreement was signed in the presence of Prime Minister of India and the President of Islamic Republic of Iran.

In the Euro area, recovery in growth has been slower as compared to that in other regions, particularly North American and emerging Asian economies. Private consumption remained subdued while investment spending is yet to recover. Among the larger economies, domestic demand has been particularly weak in Germany and Italy. As a result of these developments, real GDP in Germany registered a lower growth of 0.2 per cent in 2002 as compared to 0.6 per cent in 2001, while in Italy, real GDP growth slowed down to 0.4 per cent in 2002 from 1.8 per cent in 2001. Outside the Euro area, despite relatively robust private consumption, real GDP growth in the UK was lower at 1.6 per cent in 2002 as compared to 2.0 per cent in 2001.

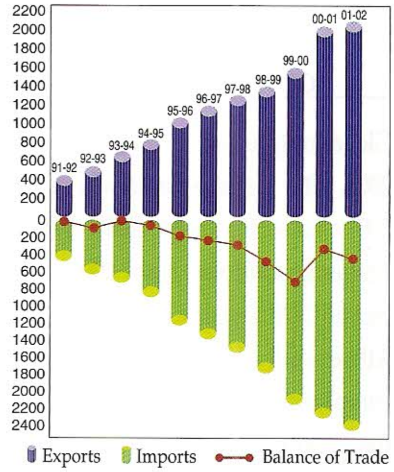
In Japan, after a pickup in early 2002, economic activity slowed down in the fourth quarter of the year, with a real GDP growth of 0.3 per cent in 2002, as compared to 0.4 per cent in 2001.
The introduction of the new economic framework in 2001, which included banking reforms,

fiscal consolidation and corporate restructuring, and deregulation, is expected to address some of Japan's structural constraints, and thus improve economic outlook over the medium-term.

In Asia, economic activity improved markedly since the beginning of 2002, with industrial production and exports rebounding in response to the global upturn, and improvement in the IT sector. The four industrialised Asian economies, viz., Hong Kong, South Korea, Singapore and Taiwan registered a rebound in activity during 2002. Real GDP rose by 6.1 per cent and 2.3 per cent in South Korea and Hong Kong during 2002, as compared to 3.0 per cent and 0.6 per cent, respectively, during 2001.
In Singapore and Taiwan, real GDP registered a growth of 2.2 per cent and 3.5 per cent in 2002, in contrast to a decline of 2.4 per cent and 2.2 per cent, respectively, during 2001. Economic activity also picked up during 2002 in Indonesia, Malaysia, Philippines and Thailand. In China, activity continued to hold up relatively well with a GDP growth of 8.0 per cent in 2002, as compared to 7.3 per cent during 2001.

In Africa, overall GDP growth moderated to 3.4 per cent in 2002 from 3.6 per cent in 2001. Protracted weakness in commodity prices, continued conflicts and political instability, and lower OPEC production quotas kept economic activity at lower levels during 2002. Country specific factors also played a role, including the impact of drought and resultant sharp decline in agricultural output in a number of countries in Southern Africa. Nigeria, Morocco, Tunisia and Cameroon registered lower growth rates during 2002. While progress towards macroeconomic stability has resulted in reduced inflation in many countries, inflationary pressures remain a concern in others such as Zimbabwe, Angola, Democratic Republic of Congo and to a lesser extent in Ghana and Nigeria. In South Africa, higher gold prices and strong external demand boosted economic activity, with real GDP growth of 3.0 per cent in 2002, as compared to 2.8 per cent in 2001.

Trends in India's Foreign Trade
(Rs. in billion)



In the Middle East, economic activity has been influenced by oil market developments, regional security conditions and country specific policy pressures, with the impact of these factors varying amongst the countries of the region. Reflecting recent progress in diversification, Iran has been able to offset weaker activity in the oil sector with growth in non-oil activities. As a result, real GDP in Iran registered a higher growth of

Exim Bank is an active participant in the 'Focus Africa' initiative of Government of India to promote Indo-African trade and investment. The visiting President of Tanzania, H.E. Mr. Benjamin W. Mkapa, is greeted at the banquet hosted by the President of India.

6.0 per cent in 2002 as compared to 5.7 per cent in 2001. In Saudi Arabia, real GDP growth stood at 2.1 per cent in 2002 as compared to 1.2 per cent in 2001. In Egypt, on the other hand, growth slowed down to 2.0 per cent in 2002 from 3.5 per cent in 2001 due to security concerns as also decline in tourism.

Economic activity in Latin America, in contrast with recovery in most other regions, registered contraction, with overall real GDP registering a decline of 0.1 per cent in 2002 as against a rise of 0.6 per cent during 2001. Much of the decline in output, particularly in the first quarter of 2002, was due to the crisis in Argentina and its contagion effects on some neighbouring countries. In Argentina, real GDP contracted further by 11.0 per cent in 2002 from a decline of 4.4 per cent in 2001, due to sharp declines in consumption and investment, high unemployment levels, and decline in exports due to an absence of trade finance. In Brazil, the uncertainties in prospective policy framework in the context of the October presidential elections led to a widening of bond spreads and depreciation of the Real. As a result, real GDP growth remained subdued at 1.5 per cent in 2002, with a pickup expected in 2003. In Mexico, real GDP registered a growth of 0.9 per cent in 2002 as against a decline of 0.3 per cent in 2001, reflecting the firming up of activity in the US.

In the CIS countries, notwithstanding the strengthening of external demand, GDP growth across the region slowed down, from 6.4 per cent in 2001 to 4.8 per cent in 2002. In Russia, decline in export earnings of the energy sector led to cuts in investment, with a lower real GDP of 4.3 per cent in 2002 as compared to 5.0 per cent in 2001. In Ukraine, output registered a lower growth of 4.6 per cent in 2002, a sharp slowdown from the 9.2 per cent growth registered during 2001.

Exim Bank, in association with Ministry of External Affairs, Government of India, organised a seminar on 'India and NEPAD' to focus on New Partnership for Africa's Development (NEPAD). The conference attended by a number of financial institutions from the African continent was inaugurated by Shri Digvijay Singh, Hon'ble Union Minister of State for External Affairs, at New Delhi.

World Trade

Reflecting recovery in activity and demand in most regions of the world, the volume growth of world trade registered a rebound of 3.1 per cent in 2002, in sharp contrast to the decline of 0.5 per cent in 2001. Both advanced and developing countries registered increased import demand. In the case of advanced countries, volume of imports rose by 2.3 per cent in 2002 in contrast to a decline of 1.8 per cent in 2001, while in the case of developing countries, import volume registered a higher rise of 5.7 per cent in 2002 from 2.2 per cent in 2001.

Among the developing countries, the volume of imports of the Asian countries registered a robust growth of 11.4 per cent in 2002, while the African countries registered a rise of 4.1 per cent in import volume during the year. In the case of Latin America, volume of imports declined sharply by 6.5 per cent during 2002, due to the contraction of economic activity across the region.

As regards exports, the volume growth of exports registered a similar trend during 2002. In the case of advanced countries, volume growth of exports showed a turnaround of 1.9 per cent in 2002 as compared to a decline of 1.8 per cent in 2001, while in the case of developing countries, growth in export volume during 2002 registered a rise of 5.5 per cent in 2002, up from a growth of 2.9 per cent in 2001.

In terms of dollar values, world merchandise exports registered a rise of 4.0 per cent to US$ 6245 bn during 2002, in sharp contrast to the decline of 4.2 per cent during 2001. The pickup in global exports during 2002 reflected the rebound in global commodity prices. Prices of manufactures registered a rise of 3.1 per cent in 2002 as compared to a decline of 2.1 per cent during 2001. Non-fuel primary commodity prices also registered a growth of 3.8 per cent during 2002, in contrast to a decline of 5.4 per cent in 2001. In the case of oil, global prices witnessed a turnaround, registering a growth of 2.8 per cent in 2002, as against a sharp fall of 13.9 per cent during the previous year.

Private Capital Flows, Current Account Balances and External Debt

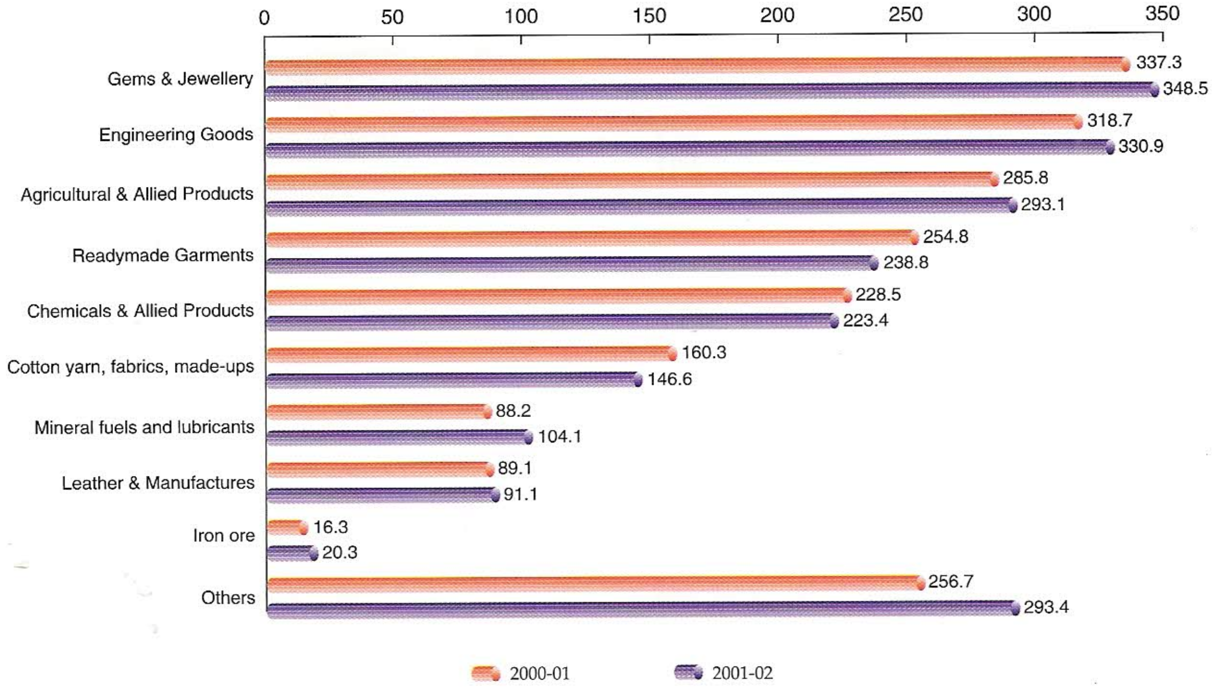
Net private capital flows to emerging markets witnessed a continued decline from US$ 193.6 bn in 2000 to US$ 129.9 bn in 2001, and further to US$ 110.2 bn in 2002, with a pick-up expected by 2003. Despite the recovery in global output and demand, weakness in capital flows to emerging markets reflects heightened sensitivity to market risk as also the gradual loss of investor appetite for emerging markets as an asset.

A high level business delegation from Finland, headed by Mr. Jari Vilén, Minister of Foreign Trade, visited Exim Bank to promote Indo-Finnish trade and investment opportunities.

Emerging markets in Latin America accounted for the bulk of the decline in capital flows during 2002, from US$ 53.9 bn in 2001 to US$ 14.4 bn in 2002. Private capital flows to emerging markets in Africa and Middle East also declined from US$ 9.7 bn in 2001 to US$ 0.5 bn in 2002. In the case of Europe, capital flows to emerging markets in the region rose to US$ 29.5 bn in 2002 from US$ 13.7 bn in the previous year. Further, capital flows to emerging markets in Asia and Pacific region increased to US$ 65.7 bn in 2002 from US$ 52.6 bn in the previous year.

During 2002, the combined current account surplus of the emerging market economies increased to US$ 60.9 bn, from US$ 27.0 bn during the previous year. This, in turn, can be attributed to the sharp contraction in the volume of current account deficit of countries in Latin America, coupled with the rise in current account surplus of countries in the Asian and Pacific region. For countries in Latin

Composition of India's Exports
(Rs. in billion)



America, the volume of current account deficit contracted sharply to US$ 14.7 bn in 2002 from US$ 46.8 bn in the previous year. In the case of emerging markets in the Asian and Pacific region, the current account surplus registered a rise to US$ 59.9 bn in 2002 from US$ 47.7 bn in 2001. For countries in Africa and Middle East, the current account surplus registered a decline to US$ 5.2 bn in 2002 from that of US$ 7.5 bn in 2001, while the current account surplus for countries in Europe witnessed a sharper fall to US$ 10.5 bn in 2002 from that of US$ 18.6 bn during the previous year.

External debt, as a proportion of export of goods and services, for developing countries declined from 144.1 per cent in 2001 to 136.4 per cent in 2002. For developing countries in the Western hemisphere, external debt, as a proportion of exports of goods and services, was the highest at 211.5 per cent in 2002, followed by Africa (175.2 per cent), Middle East (158.2 per cent), and Asia (86.7 per cent). Debt service payments for developing countries stood at 19.3 per cent during 2002, as compared with 22.7 per cent during the previous year.

Indian Economy

During 2002-03* , India's GDP registered an estimated growth of 4.4 per cent, which is lower than the growth of 5.6 per cent registered during the previous year. The major reason for the lower GDP growth has been the decline in growth in the agriculture and allied sectors.

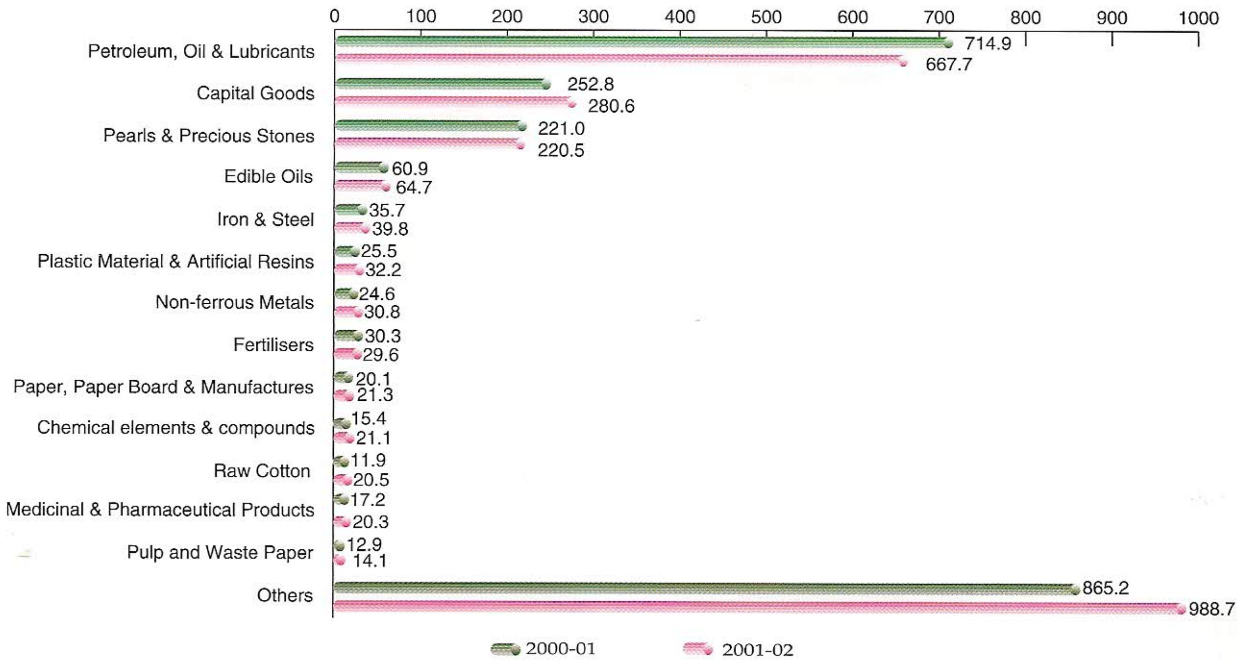
Agriculture

Overall production is estimated to have declined by 3.1 per cent, as compared to a growth of 5.7 per cent during the previous year. Foodgrains production is estimated to be lower at 183.2 mn tonnes during 2002-03 as compared to 212 mn tonnes during the previous year, due to deficient rainfall during the year.

** Statistics in this section correspond to the Indian fiscal year, which runs from April to March of the next year.*

Composition of India's Imports

(Rs. in billion)



Industry

Industrial production registered a higher growth of 5.8 per cent during 2002-03, as compared to a subdued growth of 2.7 per cent during the previous year. All the major sectors of industry registered a higher growth during the year. The manufacturing sector recorded a growth of 6.0 per cent during 2002-03, as compared to 2.9 per cent during the previous year. The electricity sector also registered a higher growth of 3.2 per cent during 2002-03, while the mining and quarrying sector grew at 5.8 per cent. A major element of the improvement in industrial production was the revival in capital goods sector, which registered a robust growth of 10.4 per cent during 2002-03, in contrast to the decline of 3.4 per cent during 2001-02. According to the use-based classification, the consumer non-durables sector registered a growth of 12.3 per cent during 2002-03, followed by basic goods sector (4.8 per cent), and the intermediate goods sector (3.8 per cent). The consumer durables sector, however, registered a decline of 6.4 per cent during 2002-03, in contrast to a rise of 11.5 per cent during 2001-02.

Of the seventeen sub-sectors in the manufacturing sector, during 2002-03, four sectors registered growth rates exceeding 10 per cent. These were the food products sector (10.7 per cent), the beverages, tobacco and products sector (27.3 per cent), textile products sector (15.6 per cent), and transport equipment and parts sector (14.9 per cent). Four sectors, viz. cotton textiles, wood and wood products, leather and fur products, and other manufacturing industries registered negative growth during the year.

Infrastructure

The six infrastructure and core industries, viz. crude oil, refinery throughput, coal, electricity generation, cement and steel, recorded a higher growth of 5.2 per cent during 2002-03, as compared to 3.5 per cent registered during the previous year. During 2002-03, cement, steel, refinery throughput, coal, crude oil and electricity generation registered growth rates of 8.8 per cent, 8.7 per cent, 4.9 per cent, 4.3 per cent, 3.3 per cent and 3.1 per cent, respectively, over the previous year.

Capital Markets

Net investment by Foreign Institutional Investors (FIIs) amounted to US$ 562 mn during 2002-03, as compared to US$ 1846 mn during 2001-02. Capital raised from the primary market stood at Rs. 40.7 bn from twenty six issues during 2002-03, as compared to Rs. 75.4 bn from thirty five issues during 2001-02.

Inflation

The rate of inflation, on a point-to-point basis, based on Wholesale Price Index (WPI), rose to 6.2 per cent at end-March 2003 as compared to 1.6 per cent at end-March 2002.

Growth in money supply (M3) during 2002-03 is estimated at 13.0 per cent, as compared to 14.2 per cent registered during the previous year.

Foreign Trade & Balance of Payments

During 2002-03, merchandise exports registered a rise of 18.1 per cent in US dollar terms. In absolute terms, merchandise exports were US$ 51.7 bn during 2002-03, higher than the level of US$ 43.8 bn during the previous year. This does not include software exports which rose from US$ 7.6 bn in 2001-02 to US$ 9.5 bn during 2002-03, reflecting a growth rate of 25.0 per cent. The buoyancy of exports has been due to global economic recovery, anticipated rise in international commodity prices and recovery in domestic manufacturing sector. Export products, which registered high growth during April-January 2002-03 included: gems and jewellery, cereals, engineering goods, chemicals and related products, ores and minerals, and manmade textiles and made-ups.

Imports registered a rise of 17.0 per cent during 2002-03 to reach US$ 59.4 bn from US$ 50.7 bn during the previous year. Both oil and non-oil imports contributed to the rise in overall imports. Reflecting the recovery in manufacturing activity, non-oil imports registered a rise of 13.3 per cent during 2002-03 to amount to US$ 41.6 bn. Oil imports stood at US$ 17.8 bn during the year, registering a rise of 26.8 per cent, reflecting the increase in international crude prices. Import items which registered high growth during April-January 2002-03 included: pearls, precious and semi-precious stones, capital goods, electronic goods, medicinal and pharmaceutical products, edible oil, and dyeing and tanning materials. The trade deficit was higher at US$ 7.7 bn during 2002-03 compared to US$ 6.9 bn during the previous year.

Exim Bank is actively engaged in promoting export of Indian System of Medicine to the global market. Exim Bank's publication 'Exporting Indian Healthcare' was released by Shri Anandrao Adsul, Hon'ble Union Minister of State for Finance (Expenditure, Banking and Insurance), at New Delhi. Seen on the left is Dr. Vinayshil Gautam, project consultant.

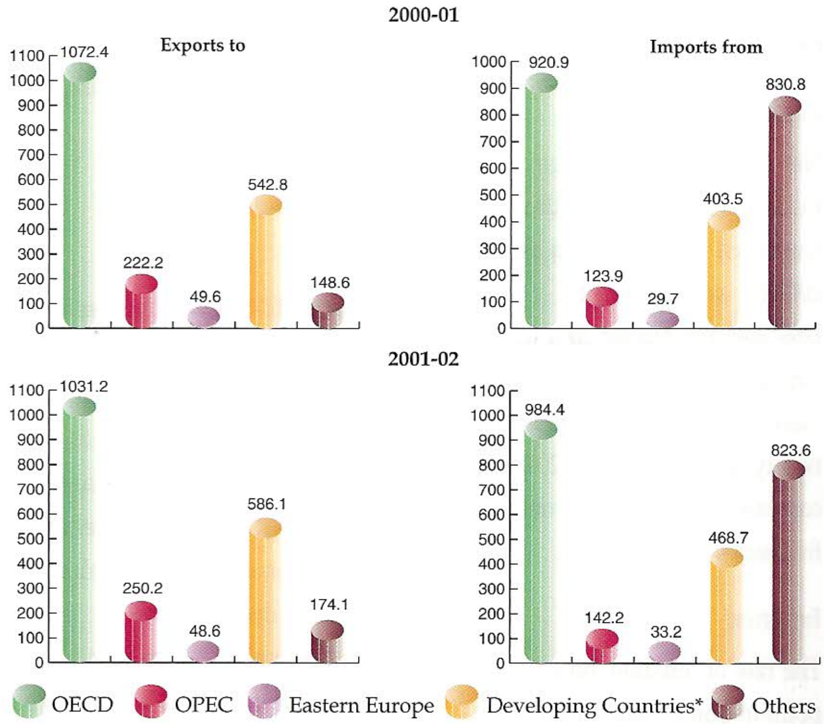
During April-December 2002, net inflow of invisibles amounted to US$ 12.6 bn, an increase of 28.6 per cent from US$ 9.8 bn during the corresponding period of the previous year. The surplus on the current account, which amounted to US$ 1.4 bn during 2001-02, equivalent to 0.3 per cent of GDP, increased to US$ 2.8 bn during April-December 2002.

Foreign direct investment inflows during April-February 2002-03 amounted to US$ 2.6 bn, which were lower than US$ 3.1 bn in the corresponding period of the previous year. Total foreign exchange reserves amounted to US$ 74.8 bn as on end-March 2003 representing about 15 months of import cover.

India's total external debt declined from US$ 101.1 bn at end-March 2001 to US$ 98.5 bn at end-March 2002, and thereafter increased to US$ 101.9 bn at end-September 2002. External debt to GDP ratio has shown continuous decline from 22.4 per cent at end-March 2001 to 20.9 per cent at end-March 2002, and further to 20.1 per cent at end-September 2002. The proportion of short-term debt to total external debt also declined from 3.6 per cent at end-March 2001 to 2.8 per cent at end-March 2002, but thereafter increased marginally to 3.0 per cent at end-September 2002.

Direction of India's Foreign Trade

(Rs. in billion)



* Excluding members of OPEC

Policy Environment

In view of the high level of foreign exchange reserves and the comfortable external sector scenario, policies and procedures relating to foreign investment have been further liberalised. The limit of 50 per cent of net worth for market purchases of foreign exchange for investment in joint ventures/wholly owned subsidiaries (JV/WOS) abroad has been enhanced to 100 per cent of the net worth of the investing company, while an Indian company with a proven track record has been allowed to invest up to 100 per cent of its net worth, within the overall limit of US$ 100 mn, by way of market purchases for investment in a foreign entity engaged in any bonafide business activity. The ceiling of US$ 100 mn for prepayment of outstanding External Commercial Borrowings (ECBs) under the automatic route has been removed. Indian corporates raising funds through American Depository Receipts/ Global Depository Receipts (ADRs/GDRs) have been allowed to retain the funds abroad for any period to meet their future foreign exchange requirements subject to conditions, while permission has been granted to Indian corporates, who have set up their branches and offices abroad, to acquire immovable property overseas for their business/staff residential purposes. Other measures relating to liberalisation of capital controls include permission to listed Indian companies and mutual funds to invest abroad in companies listed on recognised stock exchanges overseas, and having at least 10 per cent shareholding in an Indian company listed on a recognised stock exchange in India on January 1 of the year of investment. The overall cap for investment by mutual funds abroad has also been raised to US$ 1 bn.

The Cash Reserve Ratio (CRR) reduced from 5.5 per cent to 5.0 per cent in June 2002, and to 4.75 per cent in November 2002, and is to reduce further to 4.5 per cent effective June 2003. Bank Rate was reduced from 6.5 per cent to 6.25 per cent in October 2002, and further to 6.0 per cent in April 2003. The peak rate of customs duty has been reduced from 30 per cent to 25 per cent. With a view to promote India as a production centre as also an investment destination, an initiative called 'India Development Initiative' is being established. At the same time, with the Government proposing to generally discontinue the practice of extending loans or credit lines to other developing countries, the 'India Development Initiative' is to be utilised for providing grants or project assistance to other developing countries.

Scheme for setting up of Offshore Banking Units (OBUs) in Special Economic Zones (SEZs) in India was notified in November 2002, under which banks operating in India, viz. public sector, private sector and foreign banks, authorised to deal in foreign exchange, are eligible to set up OBUs, subject to certain conditions.

Signing of Line of Credit agreement for US$ 10 mn with Dr. Michael Gondwe, President of PTA Bank, for promoting Indian exports to Eastern and Southern African countries. COMESA region is emerging as a major export destination for Indian projects and services.

With a view to providing a boost to the agriculture and related sectors, a new Central Sector Scheme on Hi-tech Horticulture and Precision Farming is being introduced, while a Price Stabilisation Fund is being set up to provide stability of income to tea, coffee and natural rubber growers. Further, to benefit from lower rates of interest, the agriculture and small scale industry (SSI) sectors would not be required to pay more than an extra 2 percentage points than the best bank customers.

Corporates with proven credentials would be encouraged to sponsor Agri Export Zones for boosting productivity and quality of agro products leading to increased exports.

To facilitate and promote export of services, duty free import facility of 10 per cent of the average foreign exchange earned in the preceding three licensing years has been permitted to the service sector, having a minimum foreign exchange earning of Rs 1 mn.

India: Fast Forward

(Major Policy Changes in 2002-03)

Credit Policy

- CRR reduced from 5.5 per cent to 5.0 per cent in June 2002 and to 4.75 per cent in November 2002, and further to 4.5 per cent effective June 2003.
- Bank Rate reduced from 6.5 per cent to 6.25 per cent in October 2002, and further to 6.0 per cent in April 2003.

Investment Policy

- The limit of 50 per cent of net worth for market purchases of foreign exchange for investment in JV/WOS abroad enhanced to 100 per cent of the net worth of the investing company.
- An Indian company with a proven track record allowed to invest up to 100 per cent of its net worth in a foreign entity engaged in any bonafide business activity.
- Ceiling of US$ 100 mn for prepayment of outstanding ECBs under the automatic route removed.
- Permission granted to Indian corporates, who have set up their branches and offices abroad, to acquire immovable property overseas for their business/staff residential purposes.
- Permission granted to listed Indian companies and mutual funds to invest abroad in companies listed on recognised stock exchanges overseas, subject to conditions.

Trade Policy

- Peak rate of customs duty reduced from 30 per cent to 25 per cent.
- Scheme for setting up of OBUs in SEZs notified.
- 'India Development Initiative' to be established to promote India both as a production centre and investment destination. The 'India Development Initiative' to be utilised for providing grants or project assistance to other developing countries.
- Corporates with proven credentials would be encouraged to sponsor Agri Export Zones.
- Duty free import facility of 10 per cent of the average foreign exchange earned in the preceding three licensing years allowed for the service sector.

Foreign Exchange Policy

- Foreign exchange limit for private visits abroad enhanced from US$ 5,000 to US$ 10,000.
- Discontinuation of limits on trade-related loans and advances by Exchange Earners' Foreign Currency (EEFC) account holders, subject to the transaction being reported to RBI.
- Removal of limit of US$ 20,000 for remittance under the Employees Stock Option (ESOP) scheme.

Directors' Report

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, 2003.

REVIEW OF OPERATIONS

During 2002-03 (April-March), Bank sanctioned Rs. 78.28 bn under various lending programmes as against Rs. 42.41 bn in the year 2001-02 (April-March), registering a growth of 84.6 per cent. Disbursements during the year were Rs. 53.20 bn as against Rs. 34.53 bn during 2001-02 representing 54.1 per cent growth. Loans and advances as at March 31, 2003 were Rs. 86.89 bn, registering an increase of 31.4 per cent over the previous year. During the year, Bank sanctioned guarantees aggregating Rs. 9.33 bn as against Rs. 5.45 bn in 2001-02. Guarantees issued amounted to Rs. 7.27 bn as against Rs. 4.16 bn in 2001-02. Guarantee Portfolio as at March 31, 2003 was Rs. 16.13 bn as against Rs. 11.27 bn at March 31, 2002.

Rupee loans and advances accounted for 74.5 per cent of the total loans and advances outstanding as at March 31, 2003 while the balance 25.5 per cent were in foreign currency. Short-term loans accounted for 13.8 per cent of the total loans and advances.

Bank registered profit before tax of Rs. 2.69 bn on account of General Fund during 2002-03 as against a profit of Rs. 2.21 bn for the year 2001-02. After providing for income tax of Rs. 620 mn, profit after tax amounted to Rs. 2.07 bn during 2002-03 as against Rs. 1.71 bn during 2001-02, registering a growth of 21.1 per cent. Out of this profit, Rs. 450 mn accounts for dividend to the Government of India (GOI). A provision of Rs. 57.7 mn has been made for tax on distributed profit by way of dividend. An amount of Rs. 721.2 mn has been transferred to Reserve Fund. In addition, Bank has transferred Rs. 250 mn to Investment Fluctuation Reserve, Rs. 37.1 mn to Sinking Fund (Lines of Credit) and Rs. 550 mn to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961. Profit before tax of the Export Development Fund during 2002-03 was Rs. 22.7 mn as against Rs. 25.5 mn during 2001-02. After providing for tax of Rs. 7.1 mn, the post tax profit amounted to Rs. 15.5 mn as against Rs. 16.4 mn during 2001-02. The profit of Rs. 15.5 mn is carried forward to the next year.

Meeting of Board of Directors of Exim Bank is in progress.

BUSINESS OPERATIONS

Review of Bank's business operations is presented below under the following heads:

I. Projects, Products and Services Exports

II. Building Export Competitiveness

III. New Initiatives

IV. Financial Performance

V. Information and Advisory Services

VI. Promotional Programmes

VII. Information Technology

VIII. Research and Analysis

IX. Human Resources Management

X. Progress in Implementation of the Official Language Policy

XI. Representation of Scheduled Castes, Scheduled Tribes and Other Backward Classes.

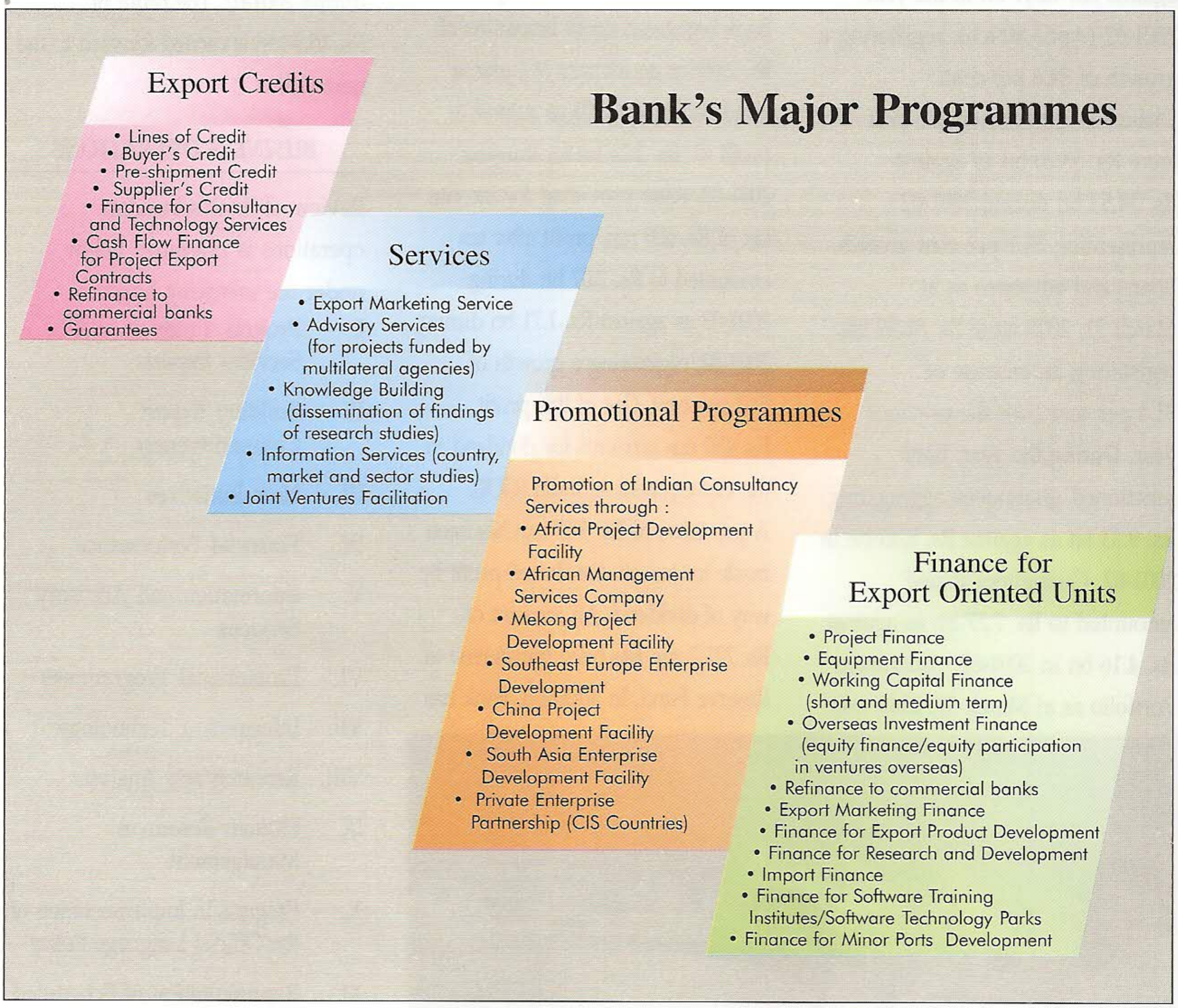
I. *PROJECTS, PRODUCTS AND SERVICES EXPORTS*

Export Contracts

During the year, one hundred and ten contracts amounting to Rs. 65.31 bn covering forty five countries, were secured by fifty nine Indian exporters with Exim Bank's support as against fifty nine contracts worth Rs. 41.62 bn covering twenty six countries, secured by thirty four Indian exporters during the previous year. Exim Bank/Working Group* accords clearance to such export contracts.

The contracts secured during the year with Exim Bank's support consisted of twenty five turnkey contracts valued at Rs. 31.22 bn, seventeen construction contracts valued at Rs. 16.96 bn, fifty five supply contracts valued at Rs. 14.47 bn and thirteen consultancy contracts valued at Rs. 2.66 bn.

Some major turnkey contracts secured during the year included power projects in Iraq, Oman and Tanzania; transmission line projects in Algeria, Bangladesh, Brazil, Ethiopia, Tunisia and UAE; gas development project in Tanzania; sulphur recovery project in Kuwait; and construction of chilled water plant in UAE.



* The Working Group is an inter–institutional mechanism consisting of Exim Bank, Reserve Bank of India, Export Credit Guarantee Corporation of India Limited, Government of India, and commercial banks. It functions under the auspices of Exim Bank.

Construction contracts included crude oil pipeline projects in Turkey and Qatar; dams in Saudi Arabia; training institute in Kuwait; gas transmission pipeline in Indonesia; cyber towers in Mauritius; micro tunnelling work in Kuwait; residential complex in UAE; and hotel in Afghanistan.

Major supply contracts secured during the year included export of saw pipes to Egypt, Indonesia and Iraq; active pharmaceutical ingredients and bulk drugs to USA, Europe and Sri Lanka; LPG cylinders to Iraq; alloy wheels to Belgium; buses to Dominican Republic; grains to UAE and UK; cold rolled coils to Nepal, China and UAE; books and stationery to USA; and speciality chemicals to Singapore and Switzerland.

Some of the major technical consultancy and services contracts included cement plant erection services in Nigeria; consultancy services for a road project in Mongolia; railway track project in Malaysia; development of engineering capabilities for a hydrocarbon project in Algeria.

Export Credits and Guarantees

During the year, Bank sanctioned Rs. 31.56 bn by way of suppliers'credit, buyers' credit, and finance for project exports as against Rs. 19.02 bn during the previous year, which exhibits 66 per cent rise in sanctions during the year. Disbursements amounting to Rs. 23.28 bn were made during the year as compared to Rs. 17.48 bn during the previous year.

Guarantees sanctioned amounted to Rs. 9.33 bn as against Rs. 5.45 bn sanctioned during the previous year. These guarantees pertain to overseas technical consultancy contracts, power generation and transmission contracts, construction contracts in crude oil, transmission, infrastructure and few supply contracts such as supply of aluminium alloy cylinder blocks and heads, shell and tube heat exchangers and pressure vessels and to export obligation guarantees issued under the Foreign Trade Guarantee Programme.

While exporters do not require commitment at the bid stage in respect of bids on deferred payment terms, Exim Bank made commitments-in-principle** aggregating Rs. 30.17 bn during the year, comprising Rs. 23.11 bn for loans and Rs. 7.06 bn for guarantees in respect of project export bids.

Lines of Credit

Exim Bank extends Lines of Credit (LOCs) to overseas financial

We are at all stages of the Business Cycle

** Commitments-in-principle include finance committed by Exim Bank at the export bid submission stage. Such commitments convert into sanctions when bids materialise as contracts.

institutions, regional development banks, sovereign governments and other entities overseas, to finance and promote India's exports to its trading partners, especially the developing countries. LOC is a financing mechanism that provides a safe mode of non-recourse financing option to Indian exporters, especially to small and medium sized enterprises (SMEs) and serves as an effective market entry tool. Being in an increasingly competitive environment, Exim Bank is proactively seeking to expand the geographical reach and volumes under the LOC Programme.

During the year, the Bank extended seven LOCs aggregating US$ 257 mn to support exports of goods and services from India. These were extended to Banca Comerciala Romana (Romanian Commercial Bank S. A.), Vneshtorgbank (Bank for Foreign Trade), Russian Federation; Eastern and Southern African Trade and Development Bank (PTA Bank)-covering sixteen countries in Eastern and Southern Africa; Seychelles Marketing Board, Seychelles; seven Iranian commercial banks viz. Bank Mellat, Bank Melli Iran, Bank Saderat Iran, Bank Sepah, Bank Tejarat, Bank of Industry & Mine, Export Development Bank of Iran; Hatton National Bank Ltd., Sri Lanka and Trade & Investment Development Corporation of the Philippines (TIDCORP or PhilExim). These are strong financial institutions or regional development banks or specialised institutions like Exim Bank. Bank had earlier obtained the approval of Reserve Bank of India (RBI) to broad-base the coverage of products under its LOCs. Exports of all goods permissible under the Exim Policy of GOI are now covered under Bank's LOCs.

A US$ 25 mn Line of Credit was extended to Vneshtorgbank (Bank for Foreign Trade), Russian Federation for financing exports from India. Mr. Anatoly S. Chernyshov, Deputy Chairman of Vnestorgbank, signs the agreement in Moscow.

During the year, the largest ever LOC of US$ 200 mn to seven Iranian commercial banks was concluded. This marks the first LOC routed by GOI, through Exim Bank.

A menu of twenty Lines of Credit, covering thirty seven countries across the continents, with credit commitments aggregating US$ 387 mn is currently available for utilisation.

II. *BUILDING EXPORT COMPETITIVENESS*

Bank operates a range of financing programmes aimed at enhancing export competitiveness of Indian companies. During 2002-03, Bank sanctioned loans aggregating Rs. 34.39 bn under the programmes for enhancing export competitiveness. Disbursements amounted to Rs. 29.39 bn under these programmes.

Loans to Export Oriented Units

During the year, Bank sanctioned term loans of Rs. 16.52 bn to eighty export oriented units including Rs. 11.31 bn by way of refinance to commercial banks in respect of thirty seven units. Disbursements amounted to Rs. 14.63 bn, including refinance to commercial banks of Rs. 11.31 bn.

Under Production Equipment Finance Programme, twenty eight exporting companies were sanctioned Rs. 3.09 bn for financing acquisition of production equipment. Disbursements amounted to Rs. 2.71 bn.

Forty four companies were sanctioned long term working capital loans aggregating Rs. 7.46 bn. Disbursements amounted to Rs. 5.72 bn.

Export oriented units financed by the Bank cover a wide range of sectors such as textiles, pharmaceuticals, capital goods, chemicals, denim, electronics, engineering goods, gems & jewellery, hospitality, jute, metal & metal processing, ceramics, consumer goods, paper, petrochemicals, plastics & packaging, ports, silk, software, steel and telecom.

Technology Upgradation Fund Scheme

Bank, as a Primary Lending Institution under the Technology Upgradation Fund Scheme (TUFS) for the Textile and Jute Industries introduced by GOI, sanctioned loans aggregating Rs. 1.27 bn to fourteen companies. Disbursements aggregated Rs. 753.0 mn.

Finance for Research & Development

Finance of Rs. 23.8 mn was extended to support R&D efforts of three companies in the pharmaceuticals sector.

Software Training Institutes

With a view to augmenting supply of qualified and trained manpower to the computer software industry and to upgrade the skills in a fast changing technology environment, Bank extends finance for establishment and expansion of software training institutes. Finance of Rs. 9.0 mn was extended to one software training institute during the year.

Export Marketing Finance / Export Product Development

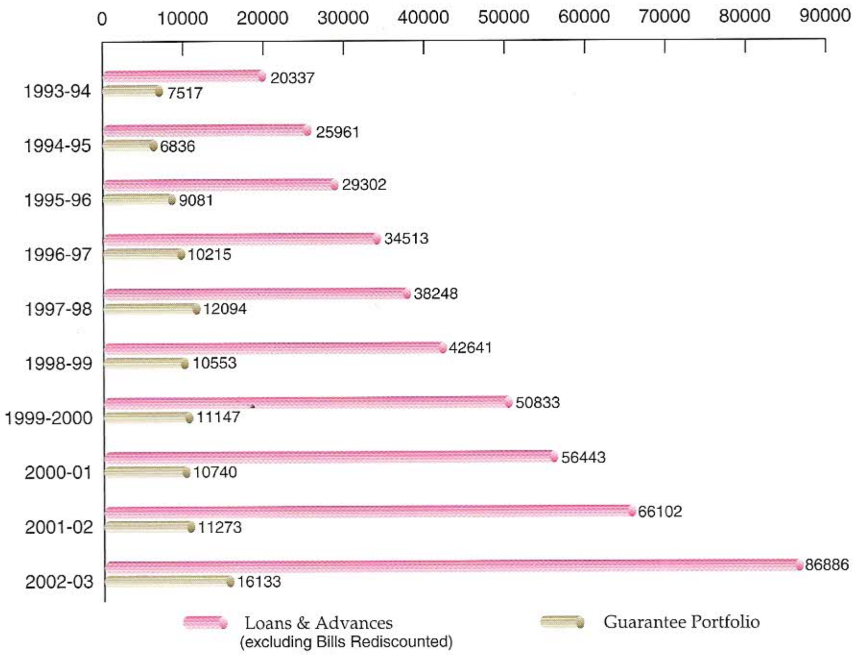
During the year, Bank sanctioned Rs. 150.5 mn to five companies and disbursed Rs. 106.9 mn for strategic export market development plans to penetrate and sustain presence in developed country markets in computer software and agro and food processing sectors.

Overseas Investment Finance

During the year, loans aggregating Rs. 1.13 bn were sanctioned to four companies for financing subsidiaries / joint ventures abroad. Disbursements during the year amounted to Rs. 825.3 mn.

Bank's Total Lending

(Rs. in million)



The overseas ventures were in software, tea, pharmaceuticals and consumer goods sectors in USA, Europe and China.

Export Facilitation Programme

During the year, Bank sanctioned Rs. 1.93 bn for port services of which Rs. 1.68 bn was by way of refinance to commercial banks. Disbursements amounted to Rs. 1.32 bn.

FINANCE FOR IMPORTS

Bulk Import Finance

Under Bulk Import Finance Programme, sanctions and disbursements amounted to Rs. 250 mn and Rs. 300 mn respectively.

Import Finance Programme

Under Import Finance Programme, six companies were sanctioned term loans of Rs. 3.37 bn of which Rs. 800 mn was by way of refinance to commercial banks. Disbursements amounted to Rs. 3.25 bn.

III. *NEW INITIATIVES*

Guwahati Office

The North Eastern region of India, with its natural resources and potential, is a focus area for the Bank. It is the endeavour of the Bank to create a synergetic and symbiotic relationship between the products and services offered by the Bank and the potential that the North Eastern region holds.

An important measure the Bank has effected in this direction is the opening of an office in Guwahati in January 2003. The office identifies viable projects and export transactions, especially in the agri sector, for financing.

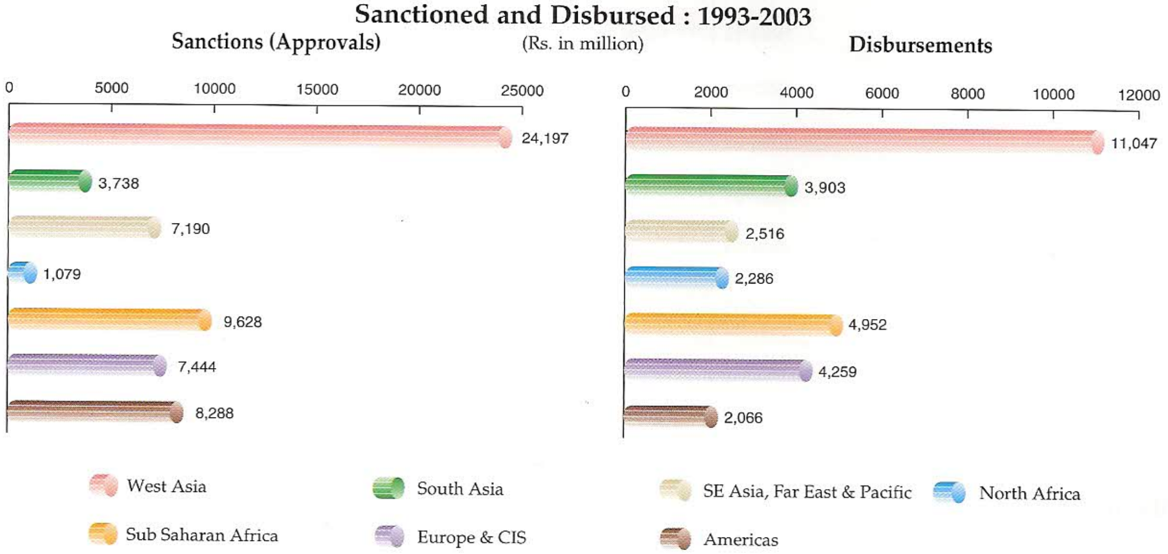
The region holds potential for exports, in particular, of fruits and vegetables, spices and medicinal plants, and is well suited for organic farming. The region also offers good scope for development of IT enabled services.

Exim Bank's long standing arrangement with International Finance Corporation (of the World Bank Group) to facilitate utilisation of Indian consultants now includes the South Asia Facility through which technical assistance can be rendered to the North Eastern region.

Agri Business Group

Bank has committed corporate resources to establish an Agri Business Group that will spearhead the Bank's initiative in the agri sector. The Bank has continued its initiatives to create better awareness of the potential and challenges for Indian agri-exports and gearing up agri-sector to cope with the emerging WTO scenario.

Regional Distribution of Loans Sanctioned and Disbursed : 1993-2003



To establish a framework for developing the food processing industry in the country, Exim Bank signed a Co-operation Agreement with the Ministry of Food Processing Industries. A tripartite Arrangement was signed by Exim Bank with National Bank for Agriculture and Rural Development (NABARD) and Agricultural and Processed Food Products Export Development Authority (APEDA), with the purpose of synergising efforts of these organisations to leverage their respective strengths, and coordinate their working with a view to further augmenting exports of agricultural products from India. The Bank joined as a promoter shareholder of the Small Farmers' Agri-Business Consortium (SFAC), an organisation which facilitates investment by small farmers in agri and food related industries.

With a view to highlighting the potential for export of agricultural and allied products, Bank organised a National Seminar on 'Exports of Agricultural Products: Prospects and Challenges' in Guwahati. A similar programme was also held in Chennai. Bank in association with APEDA and NABARD organised three 'Investors' Conferences' at Mumbai, Bangalore and Kolkata. These conferences have brought the potential investors, trade facilitators, policy makers, promotional bodies on to one platform to boost investment into the Agri Export Zones.

The Bank also publishes a bi-monthly newsletter, 'Agri Export Advantage' in English, Hindi and several regional languages. Bank also set up an agro-portal to provide information relating to international trade in agricultural products.

Agri Export Zone is a new initiative of Government of India to promote value added agro exports from India bringing direct benefits to the farmers. Shri Balasaheb Vikhe Patil, former Union Minister for Heavy Industries and Public Enterprises, is seen addressing an Investors' Conference organised by Exim Bank, NABARD and APEDA at Mumbai.

Operations of the Agri Business Group commenced with financing export of 20 metric tonnes (MTs) of honey to Germany by a woman entrepreneur. A large credit line of US$ 20 mn was extended to Emirates Grain Products Company L.L.C., UAE to finance export of wheat from India. Agri Business Group sanctioned loans aggregating Rs. 2.49 bn during the year and the disbursements amounted to Rs. 267 mn. Sanctions include pre-shipment and post-shipment finance for export of agricultural commodities like wheat and rice; processed foods and fruit pulps; project term loans and working capital finance to corporates in processed food sectors such as instant coffee, gherkins, ready to eat foods; herbal and ayurvedic medicines. Notable among the loan sanctions are term finance for a passion fruit juice project in Mao, Manipur; Seabuckthorn fruit juice and oil project in Leh in Ladakh region of Jammu & Kashmir; contract farming and organic farming in Maharashtra; Buyer's Credit of US$ 15 mn to a company in

Singapore for import of agri commodities from India.

Export Marketing Service for Indian Companies

The Bank's initiative in launching Export Marketing Service enables Indian companies to widen their export basket in terms of new buyers in a larger number of countries. The Bank's services have been sought by a number of Indian companies representing varied sectors such as textiles, cotton yarns, ayurvedic products, homeopathy and pharma products, office stationery, Indian snack foods, processed foods, electromechanical energy meters and safety matches.

The Bank provided assistance to several Indian companies, enabling them to establish their products overseas and enter new markets. Guidance, ranging from the identification of prospective business partners to facilitating placement of final orders, was provided to companies. The markets where such services were provided, include:

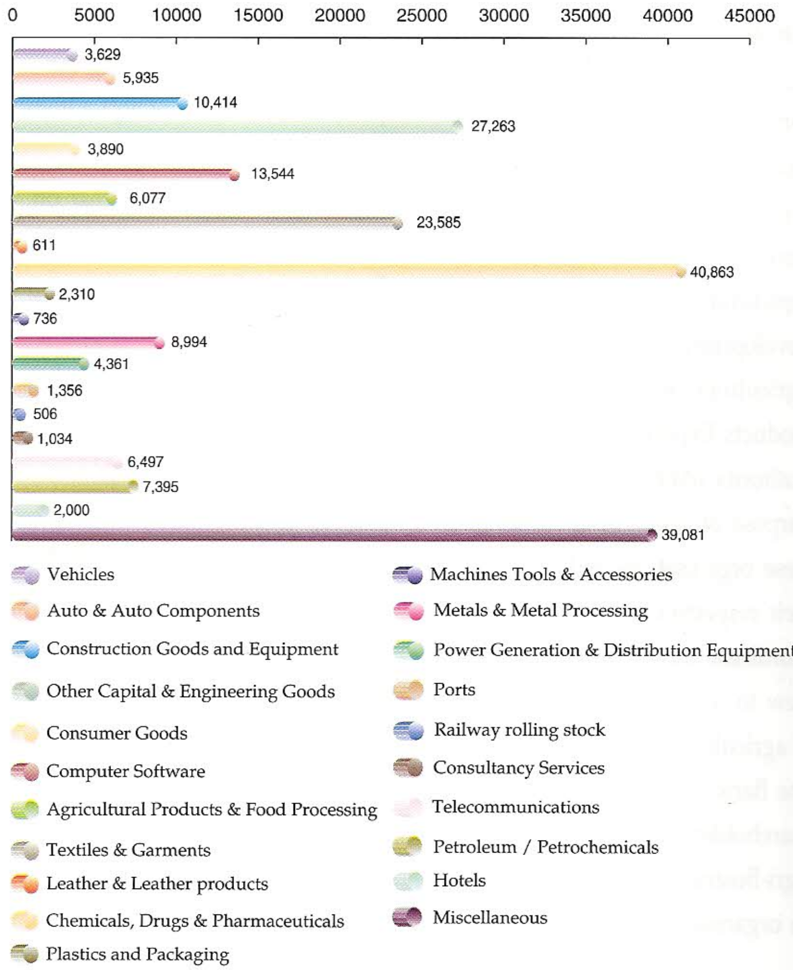
Hungary: Bank assisted an Indian ayurvedic firm to sign a Co-operation Agreement with a Hungarian company towards registering and promoting ayurvedic products/science in Hungary.

Italy: Bank assisted a company manufacturing Indian snack foods to meet the European local standards, with a firm export contract. The company effected successful trial shipments, with repeat order being generated by the Bank.

South Africa: Bank identified an apparel manufacturer based in South Africa and tied up for its supply requirement of 100 per cent cotton fabrics from an Indian company. The Indian company has successfully executed trial orders.

On similar lines, Bank is working closely with a large superstore to cater to their supply requirements from India for setting up an India food corner in all its over 200 retail outlets. A trial order of a container load of safety matches has been shipped by a Sivakasi based SME manufacturer and repeat orders are in the pipeline.

Industrial Distribution of Loans Sanctioned 1993-2003
(Rs. in million)



In the food processing area, Bank has already obtained approval for several products of Indian companies for the retail chain's requirements.

Singapore: Bank helped an Indian snack food manufacturer to explore Singapore market further with a tie-up with a leading Chinese owned chain store. The store now successfully retails the snack foods procured from India.

Bank also assisted an Indian office stationery manufacturer to sign a vendor supply agreement with a Singapore based leading stationery retailer. Trial orders have been secured for the Indian company.

The Bank has also tied up for export of services including indigenous patented technologies developed at Indian Institute of Technology (IIT), Bombay. In this direction, a Memorandum of Understanding (MOU) has been signed with IIT, Bombay to explore avenues overseas for marketing its patented technologies.

Joint Ventures

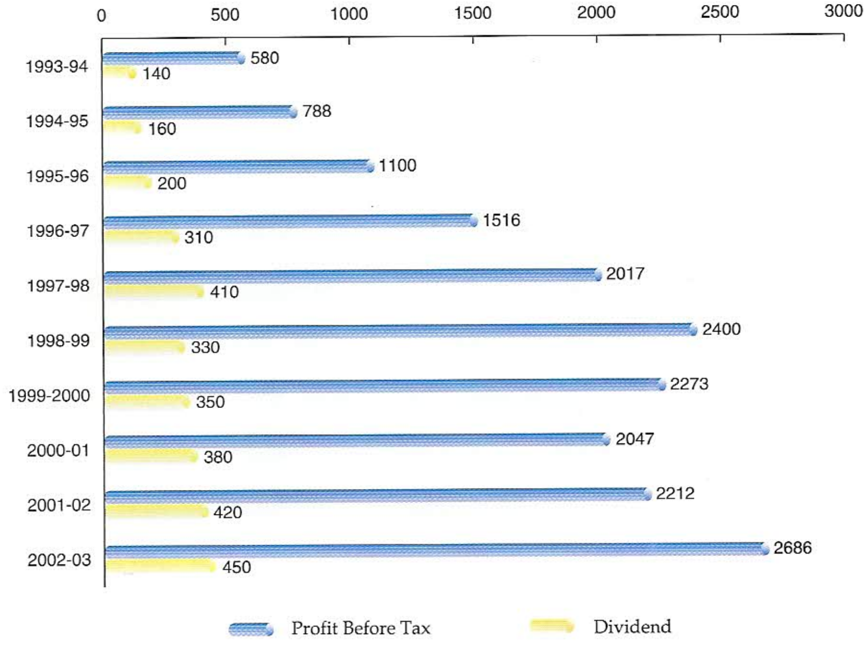
Global Trade Finance Private Limited (GTF), a Joint Venture, promoted by Exim Bank, with Westdeutsche Landesbank Girozentrale (WestLB), Germany and International Finance Corporation (IFC), Washington D.C., has completed its first full year of operations. The company achieved total turnover of Rs. 5 bn and profit after tax of Rs. 13.2 mn. GTF's objective is to promote market driven export-financing solutions for SMEs operating in an increasingly competitive world trade environment. GTF offers, for the first time in India, structured foreign trade financing products such as forfaiting and factoring.

Bank's other joint venture, Global Procurement Consultants Ltd. (GPCL), turned out yet another year of profitable operations. During the year, GPCL carried out consultancy assignments in Swaziland, Tanzania, Poland and Bosnia. GPCL is a joint venture between Exim Bank and thirteen other reputed private and public sector companies with expertise in diverse fields. GPCL provides procurement related advisory and auditing services primarily for projects funded by multilateral agencies in various developing countries.

Loan Recovery Group

Loan monitoring and credit recovery have been further strengthened within the Bank. A Loan Recovery Group is in place, and with a well set Loan Monitoring and Recovery Policy, steps are being taken proactively to prevent slippage of standard assets into Non-Performing Assets through operationalisation of a system of ABC classification of loan accounts together with a system of early warning signals.

Earnings
(Rs. in million)



Interaction with Industry

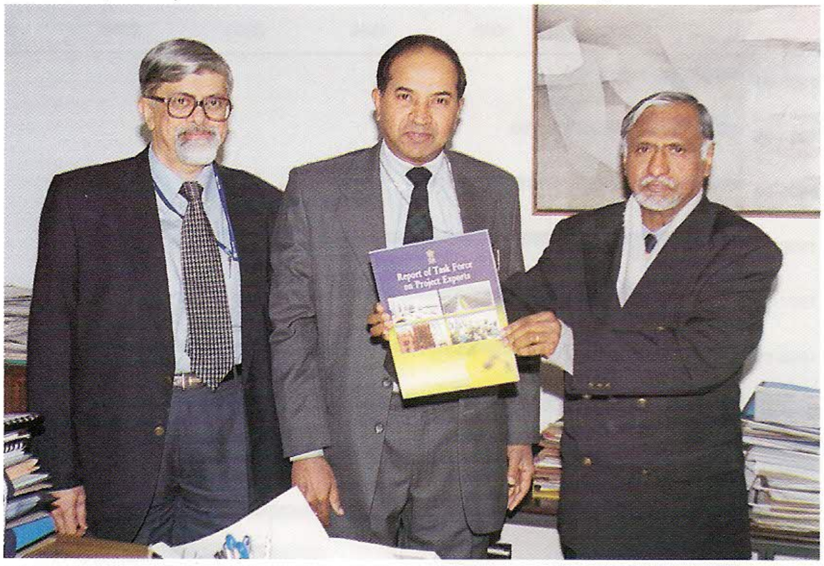
Exim Bank has been having regular interaction and exchange of views with the industry and has been in constant contact with experts and select exporting companies through an interactive website.

Task Force on Project Exports

A Task Force on Project Exports was constituted by the Prime Minister's Office to develop wide-ranging recommendations that would lead to a quantum increase in project exports. Bank served as the Secretariat of the Task Force which was chaired by Shri G. S. Dutt, Joint Secretary, Ministry of Finance, GOI.

The Task Force, which submitted its report to the Prime Minister's Office in January 2003, has identified a set of policy, procedure and institution related recommendations that may be implemented over the short, medium and long term. Recognising Bank's key role, Task Force has recommended that Exim Bank be strengthened with regular infusion of capital, support through an Interest Equalisation Scheme, operation of GOI's Lines of Credit to create synergy with Bank's operations. It was also recommended that funds of the order of US$ 2 bn per year for the next six years be made available to the Bank to enable supporting projects, particularly large valued projects, using the vehicle of Bank's Export Development Fund.

Implementation of the recommendations are under active consideration by GOI.



Exim Bank was actively involved in the deliberations and preparation of the report of the 'Task Force on Project Exports' constituted by the Prime Minister's Office (PMO). Shri Prodipto Ghosh, Additional Secretary, PMO, is seen above releasing the report alongwith Shri G. S. Dutt, who chaired the committee.

IV. *FINANCIAL PERFORMANCE*

Resources

As at March 31, 2003, Bank's resources, including paid-up capital of Rs. 6.50 bn and reserves of Rs. 13.17 bn, aggregated Rs. 123.19 bn. Bank's resource base includes bonds, certificates of deposit, commercial papers and foreign currency deposits/ borrowings/long term swaps.

Bank undertook sell/buy US$/Re swaps equivalent to Rs. 4.10 bn and issued commercial papers of face value Rs. 12.75 bn as part of short-term liquidity management. During the year, Bank raised, at benchmark rates, Rs. 25.05 bn by way of private placement of bonds for tenors ranging from 2 to 15 years. The bonds offered by the Bank included zero coupon bonds, bonds with separately tradeable strips and bonds with embedded options.

Bank's debt instruments continued to enjoy the highest rating viz. 'AAA' from the rating agencies, CRISIL and ICRA. As at March 31, 2003, outstanding Rupee borrowings, including bonds and commercial paper, amounted to Rs. 65.14 bn.

The Bank raised External Commercial Borrowing (ECB) of US$ 50 mn and US$ 145 mn by way of borrowings out of the 'on shore funds' of commercial banks. During the year, the Bank raised US$ 50 mn for extending finance by way of export credit. The Bank also arranged US$ 50 mn equivalent Line of Credit from DZ Bank for import of capital goods from Germany and other European countries. The Bank also exchanged US$ 10 mn equivalent by way of US$/Rupee long term swap contracted during 2001-02. As at March 31, 2003, the Bank had a pool of foreign currency resources equivalent to US$ 560.75 mn. Short-term inter-bank borrowings against Bank's deposits amounted to US$ 12.59 mn.

Income/Expenditure

The profit before tax (PBT) and profit after tax (PAT) of the Bank were at Rs. 2.69 bn and Rs. 2.07 bn during the year 2002-03 as compared to the previous year's PBT and PAT of Rs. 2.21 bn and Rs. 1.71 bn respectively. Business income comprising interest, discount, exchange commission, brokerage and fees during 2002-03 was Rs. 7.57 bn as compared to Rs. 6.70 bn in 2001-02. Treasury income during 2002-03 was Rs. 2.22 bn as compared to Rs. 1.62 bn in 2001-02. Interest expenditure in 2002-03 at Rs. 4.94 bn was higher by Rs. 0.64 bn mainly due to increase in borrowings. Non-interest expenses worked out to 6.90 per cent of total expenses during 2002-03. The average cost of borrowings (interest expenditure as a per cent of average borrowings) decreased from 8.59 per cent as at March 31, 2002 to 6.82 per cent as at March 31, 2003.

Philippines is an emerging market for Indian goods and services. A Line of Credit for US$ 2 mn was signed with Trade & Investment Development Corporation of the Philippines at Manila.

Capital Adequacy

The Capital to Risk Assets Ratio (CRAR) was 26.92 per cent as at March 31, 2003 as compared to 33.13 per cent as at March 31, 2002, as against 9 per cent norm stipulated by RBI. The Debt- Equity Ratio as at March 31, 2003 was 4.32:1 as compared to 2.57:1 as at March 31, 2002.

Exposure Norms

RBI has prescribed credit exposure limits for all-India term lending institutions, at 15 per cent of the financial institutions' (FIs) capital funds, effective from March 31, 2002, for exposure to individual borrowers and at 40 per cent for group borrowers.

The Bank's exposures (loan assets plus unutilised sanctions plus 50 per cent of guarantee commitments) to single and group borrowers as at March 31, 2003 were within the limit of 15 per cent and 40 per cent of capital funds respectively, as stipulated by RBI. 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 for the Bank are 15 per cent of total loan portfolio except in the case of textiles for which it is 20 per cent. The Bank's exposure to any single industry sector (including textiles) was not more than 11 per cent of its total exposure as at March 31, 2003.

Treasury

A state-of-the-art Dealing Room has been set up in November 2002 to enhance integrated treasury operations of the Bank. All treasury functions viz., funds placements (rupee and foreign currency), money market operations, securities trading, and foreign exchange deals are being undertaken through the new Dealing Room. In February 2003, the Bank also installed FX-CLEAR, the forex dealing system of Clearing Corporation of India Ltd. (CCIL), for concluding foreign exchange deals on-line. The range of products offered by the Bank's treasury to its clients include cash/tom/spot/forward forex deals, interest rate swaps/ forward rate agreements/ floating rate loans, and issue of letters of credit/guarantees. The Bank is in the process of implementing a new software package for treasury management, trade finance and Asset Liability Management functions.

Asset Liability Management (ALM)

The Bank's Asset Liability Management Committee (ALCO) meets at least once a month to review the Asset Liability profile of the Bank and decides on implementing strategies for management of market risks. Resources/fund management plan is prepared at the beginning of the year and borrowings are raised in tranches during the year. Prudential limits have been fixed for gaps in the Asset Liability profile. These are reviewed periodically. The Management Committee of the Board of Directors oversees the functioning of the ALCO.

Exim Bank's new initiative on agro-exports is marked by signing of a Line of Credit agreement for US$ 20 mn with Emirates Grain Products Company L.L.C, Sharjah, UAE, to finance export of wheat from India.

Risk Management

Risk management function is independent of operating groups and reports directly to top management. The Risk Management Committee (RMC) reviews the Bank's risk management policies in relation to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks), investment policies and strategy, and regulatory and compliance issues in relation thereto.

Asset Quality

As per RBI prudential norms, a credit/loan facility in respect of which interest and/or principal has remained overdue for more than 180 days is defined as a Non-Performing Asset (NPA). The Bank's NPAs (net of provisions) worked out to 2.25 per cent of its total loan assets (net of provisions) as at March 31, 2003 as compared to 7.13 per cent for the previous year.

Asset Classification

'Substandard Assets,' are those where interest and/or principal remains overdue for more than 180 days. However, where the sub-standard assets have remained as NPAs for a period exceeding 18 months, the assets are classified as 'Doubtful Assets.' 'Loss Assets' are those considered uncollectable. Out of net NPAs at 2.25 per cent of total loan assets as at March 31, 2003, substandard and doubtful assets worked out to 1.47 per cent and 0.78 per cent respectively and loss assets have been fully provided for.

Internal Audit

The Internal Audit Function of the Bank is overseen by the Audit Committee (AC) of the Board of Directors. The AC meets at least six times in a year. Objective of the Bank's AC is to provide 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 audit reports and RBI inspection reports.

V. *INFORMATION AND ADVISORY SERVICES*

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 include market-related information, sector and feasibility studies, technology supplier identification, partner search, investment facilitation and development of joint ventures both in India and abroad.

Signing of Memorandum of Co-operation with Mr. K. Ngqula, President and Chief Executive Officer, Industrial Development Corporation of South Africa Limited, to facilitate and enhance bilateral trade and investment.

During the year, Bank provided a range of services to Indian companies. Market information was provided on Indian machine tool industry; world trade statistics and trade statistics of specific countries and select products; buyers of seaweed in UK; buyers of domestic water pumps and submersible pumps in South Africa and Mozambique; and buyers of mango pulp in Belgium, France, Germany, UK and the Netherlands.

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 World Bank, Asian Development Bank, African Development Bank, and European Bank for Reconstruction and Development. Bank disseminated information on numerous overseas business opportunities to Indian companies.

Eximius Club

Bank provided information and advisory services to members of the Eximius Club set up by the Bank. This package of services to member companies was focussed on improving their prospects for securing business in projects funded by Multilateral Agencies. These companies have wide ranging interests in sectors such as engineering, power transmission, education, telecommunications, construction and engineering design consultancy.

Institutional Linkages

With a view to enlarging networking with international organisations and other service providers, Bank entered into co-operation agreements and MOUs with Board of Investment, Mauritius; Board of Investment, Sri Lanka; and Industrial Development Corporation of South Africa Limited, South Africa. A high-level delegation from the African Development Bank visited the Bank in March 2003. Such international linkages facilitate exchange of trade and investment related information, identification of joint venture partners, organising seminars/workshops, exchange of faculty, and concluding lines of credit.

WTCA Award 2002

The World Trade Centers Association (WTCA) Award, instituted for the first time this year by the US based World Trade Centers Association, recognises and honours individuals or organisations within the respective regions that best represent the Association's principles in fostering international trade, stability and peace. The Bank was awarded the *'Book of Honor Award'* in recognition of its contribution to world stability through trade. The Award is in recognition of Exim Bank's wide range of lending, service and support programmes towards development of international trade.

WTCA has also brought out a publication *'WTCA Book of Honor 2002: Peace and Stability through Trade,'* which has profiled distinguished individuals and organisations around the world and the respective World Trade Centres. The section on India profiles Exim Bank.

Forum of ECAs

The 8th Annual Meeting of the Asian Export Credit Agencies (ECAs) was held in August 2002 at Kuala Lumpur, Malaysia. Representatives of ECAs from India, Australia, China, Indonesia, Japan, Malaysia, Philippines, South Korea and Thailand were represented. An observer was present from Asian Development Bank, Manila. Banco Nacional de Comercio Exterior (Mexico) attended the meeting as a special invitee. The meeting was held to discuss ways to foster a long-term relationship within the Asian ECAs Community, share experiences and strengthen financial cooperation to promote intra-regional trade.

Mr. Bruno Balvanera, Head-Business Development, European Bank for Reconstruction and Development (EBRD), addressing participants at a seminar organised by the Bank at Mumbai. Exim Bank has in place a co-operation arrangement to co-finance EBRD funded projects in CIS countries.

The meeting marked the culmination of discussions held at the Annual Meeting in Seoul, South Korea in 2001, with the signing of a Multilateral L/C Confirmation Facility Agreement by participating Institutions including Exim Bank of India.

The initiative for holding annual meetings of Asian ECAs to exchange information and share ideas in a structured manner was originally taken by Exim Bank of India, which also hosted the first two meetings in India at Bangalore in February 1996 and at Mumbai in June 1996. Since then it has become an annual event, hosted by an ECA by rotation. The previous Annual Meetings following the first two were held in Tokyo (1997), Beijing (1998), Bali (1999), Bangkok (2000) and Seoul (2001).

VI. PROMOTIONAL PROGRAMMES

Consultancy Support Programme

Bank has an arrangement for sponsoring and part-financing Indian consultants for providing consultancy services to private sector SMEs in developing countries under Technical Assistance Programme of International Finance Corporation (IFC), Washington D.C. and other international agencies. During the year, Bank sponsored two Indian consultants for projects under Mekong Project Development Facility and Southeast Europe Enterprise Development.

These consultants were selected for assignments in Vietnam and Bosnia & Herzegovina in areas covering tyres and OTC products.

Exim Bank fosters close cooperation with other export credit agencies (ECAs) in the Asia Pacific region. During the 8th Annual Meeting of the Asian ECAs at Kuala Lumpur, a multilateral Letter of Credit confirmation facility agreement was signed among the participating ECAs to promote intra-regional trade.

During the year, Bank signed three new arrangements with IFC to support and facilitate the utilisation of Indian consultants for projects in China, South Asia, CIS countries under IFC's China Project Development Facility (CPDF), South Asia Enterprise Development Facility (SEDF), Private Enterprise Partnership (PEP). Under these arrangements, Indian consultants, part-financed by Exim Bank, can execute short term consultancy assignments for IFC-sponsored projects in China; southern countries of Asia, currently covering Bangladesh, Nepal, Bhutan and North Eastern India; and Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

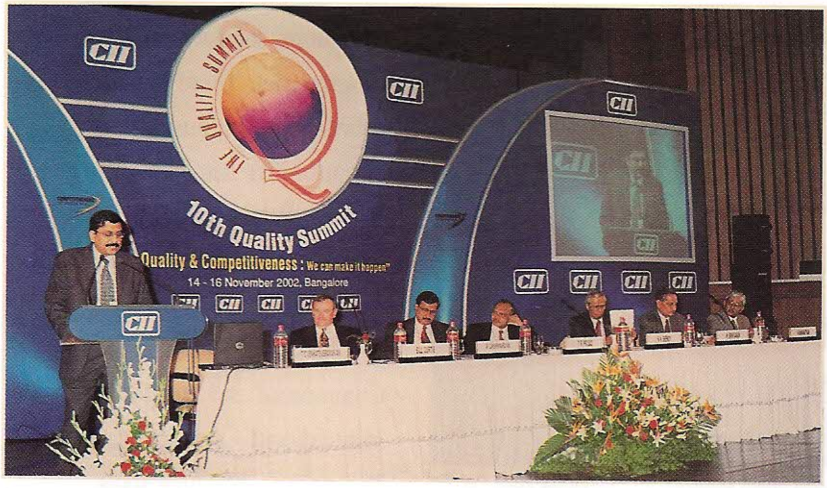
Eximius Centre for Learning

During the year, the Bank's Eximius Centre for Learning, Bangalore, conducted twenty five programmes. These included four country specific business opportunities seminars, covering Austria, Belgium, Canada and Sri Lanka. The Centre conducted eight workshops: Corporate Treasury and Risk Management; Commercial and Legal Aspects of International Contracting; Export Packaging – Machine tools, Textiles, Garments and Agriculture products; Software Quality and CMMI Standards; Price Risk Management & Securitisation for Agri-Business Enterprises; Certification and Marketing Requirements for Export of Electrical, Electronics and Engineering Products to Developed Country Markets; Export Marketing and Sourcing for Fine and Speciality Chemicals; and WTO implications on Indian Industry. Some of the seminars and workshops were held at multiple centres.

The Centre conducted programmes on Business Opportunities in European Bank for Reconstruction and Development Funded Projects in Mumbai and New Delhi.

Award for Business Excellence

Bank in association with CII has instituted an Annual Award for Business Excellence for best TQM practices adopted by an Indian company. The Award is based on the European Foundation for Quality Management (EFQM) model. In 2002, the CII-Exim Bank Award for Business Excellence was awarded to Infosys Technologies Ltd., a company which has set new benchmarks for Indian industry and achieved a position of eminence in the world market. Bharat Heavy Electricals Ltd., Tiruchi, which has demonstrated perseverance in its efforts at continuous improvement, became the first public sector undertaking to be awarded the Commendation Certificate for Significant Achievement. Four companies, viz. Alexandria Carbon Black, Egypt; Birla Cellulosic; Hindalco Industries Ltd.; and Thai Carbon Black, Thailand were given Commendation Certificates for Commitment to TQM on their journey towards Business Excellence.



Exim Bank, in association with Confederation of Indian Industry, has instituted an award for 'Business Excellence' based on European Foundation for Quality Management (EFQM) model. The award for the year 2002 was conferred on Infosys Technologies Ltd.

VII. 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.

Systems were supported and upgraded in various areas including those of Planning & Budgeting; Country Analysis; Industry Analysis; Risk Measurement and Analysis; a core system with an integrated database comprising various functional areas of the Bank leading to data warehousing and related analysis; Specialised packages for Trade Finance, Treasury and Asset Liability Management. The systems in these areas cover strategic planning, internal servicing, customer interface and online tracking.

Bank's website (www.eximbankindia.com) is being increasingly used by internal and external constituents.

To augment the Bank's Agri-Business initiative, Bank has set up an agro-portal (www.eximbankagro.com). This is an in-house IT initiative. The features of the portal include product-wise information on export markets; operating framework such as certifications, intellectual property rights, policies, schemes and assistance; analytical reports, news-letters, case studies; benchmarking and quality-related information; relevant events of the Bank; moderated message-board; relevant information on WTO, biotechnology, organic farming; and useful links. Since its launch, the portal has been serving numerous users from various professions.

VIII. RESEARCH AND ANALYSIS

In 1989, Bank instituted an Annual Award for research in 'International Economics, Trade and Related Financing'. The objective is to promote research in international economics, trade and related financing by Indian nationals at universities and academic institutions in India and abroad. The Award consists of a sum of one hundred thousand rupees and a citation. The winners for the year 2002 are Dr. Praveen Kumar, Senior Country Economist, World Bank, Washington D.C., and Dr. Brati Sankar Chakraborty, Lecturer in Economics, Department of Economics, Jadavpur University for their theses 'Increasing Wage Inequality in Developed Countries – Role of Changing Trade, Technology and Factor Endowments' and 'Essays on Trade in Goods and Factor Movements under Increasing Returns to Scale', respectively.

Four Occasional Papers were published by the Bank during the year covering the following topics: Potential for Export of IT Enabled Services from North Eastern Region of India; Potential for Export of Horticulture Products from Bihar and Jharkhand; Increasing Wage Inequality in Developed Countries – Role of Changing Trade, Technology and Factor Endowments; and Essays on Trade in Goods and Factor Movements under Increasing Returns to Scale.

The eastern state of Bihar is one of the largest producers and exporters of lychee fruit in India. An Exim Bank publication titled 'Potential for Export of Horticulture Products from Bihar and Jharkhand' was released at Patna by Shri Rajiv Pratap Rudy, Hon'ble Union Minister of State for Commerce and Industry.

During the year, Bank also published four Working Papers covering the following topics: Snap Market Survey for Pharmaceutical Products in South Africa; Health Insurance Portability and Accountability Act (USA)-HIPAA: An Opportunity for Indian IT Companies; Indian Cement Industry: Perspective and Export Potential; and Transaction Costs of Indian Exports: A Review.

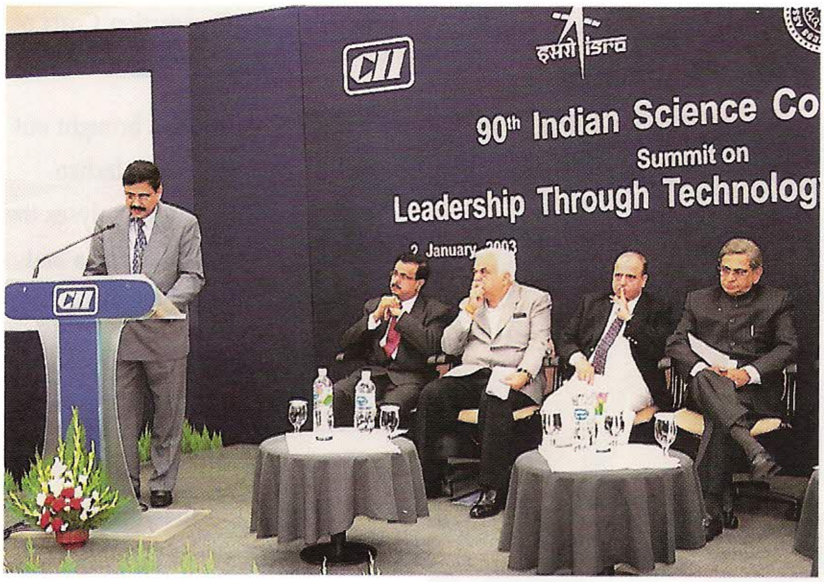
During the year, Bank brought out a book titled 'Exporting Indian Healthcare'. The study analyses the export potential of Ayurveda and Siddha products and services.

IX. HUMAN RESOURCES MANAGEMENT

As on March 31, 2003, Bank had a total staff of 167 in its service including 109 professional staff, comprising engineers, economists, bankers, chartered accountants, business school graduates, legal and language experts, library and documentation experts and personnel and computer specialists. The professional team is supported by Administrative Officers. Bank aims at continuous upgradation of skills of its officers. During 2002-03, 126 officers attended training programmes and seminars on a variety of subjects relevant to the Bank's operations. Programmes included industrial finance, forex and financial derivatives and risk management, documentary credits, financing of agro-food processing industries, marketing for business growth, NPA management and recovery strategies, information systems audit and IT risk management, upgradation of computer literacy, Asian digital libraries, development of personal and professional success, team building and team work in organisations, finance for non-finance officers, capacity building programme for officers of support system institutions on impact of WTO and International Trade Promotion, trade finance for exporters and new technologies for SMEs.

X. PROGRESS IN IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY

Bank's efforts for accelerating the use of Hindi for official purposes received recognition from various authorities: (i) RBI awarded the first prize to Bank's House magazine 'Eximius' for the year 2000-01 in an all-India competition among commercial banks and financial institutions. (ii) Bank's offices located in region C have been declared first among public sector banks and financial institutions for the RBI Governor's Shield for the year 2001-02. (iii) State Level Banker's Committee (O.L.), Pune constituted under the auspices of Department of Official Language, Ministry of Home Affairs, Government of India, has awarded the second prize to Bank's Head Office for commendable performance in implementing Hindi among all financial institutions for the year 2001-02. (iv) Bank's Kolkata office received Certificate of Merit from Bank Nagar Rajbhasha Karyanvayan Samiti, Kolkata, for best performance in implementing Hindi during the year 2001-02. (v) On the recommendation of Nagar Rajbhasha Karyanvayan Samiti, the Kendriya Sachivalaya Hindi Parishad has awarded Silver Medal to Bank's in-charge Hindi Officer for the outstanding work done in the area of implementation of Hindi in the Bank. (vi) Bhartiya Sanskriti Sansthan has selected Bank's Managing Director & CEO for its prestigious award 'Rajbhasha Sarathi Shield', for encouraging the use of Hindi in the Bank. The Sansthan has also declared other awards to Exim Bank's officials for their



Export potential of knowledge based industry is an area of priority for Exim Bank. The Bank actively participated in the Summit on 'Leadership Through Technology and Innovation' during the 90th Indian Science Congress at Bangalore. Seen above are Shri S. M. Krishna, Hon'ble Chief Minister of Karnataka, Shri K. Kasturi Rangan, Chairman of Indian Space Research Organisation and Shri R. V. Deshpande, Hon'ble Minister of Industry, Government of Karnataka.

outstanding work done in the area of implementation of Hindi.

The Bank continued its efforts to strengthen the implementation of the Official Language Policy. The Evidence Committee of Parliament on Official Language reviewed the implementation of Hindi in Bank's New Delhi office in December 2002.

In order to impart training in Hindi noting and drafting to officers of the Bank, fourteen Hindi workshops were organised during the year. A scheme offering incentives aimed at encouraging officers to use Hindi in their day-to-day work is in place in the Bank. Three officers were awarded prizes under the scheme. Checkpoints are in operation to ensure compliance and smooth implementation of the Official Language Policy and to achieve targets fixed in the annual programme.

In compliance with the provisions of Section 3 (3) of the Official Languages Act, circulars, press releases and reports were issued in Hindi. Loan Agreements were translated into Hindi. All letters received in Hindi were replied to in Hindi. Apart from literature on Bank's operations and procedures, Occasional Papers were also published in Hindi.

In pursuance of Government's directives, a Hindi fortnight commencing from September 1, 2002 was celebrated. As a part of this celebration, Shri Nitish Bharadwaj, a well known theatre personality/director, was invited to share his experiences. Hindi versions of all the issues of 'Eximius : Export Advantage,' a quarterly publication of the Bank were published under the title 'Eximius : Niryaat Laabh'. All the issues of 'Agri Export Advantage', a bi-monthly publication of the Bank, were also published in Hindi under the title 'Krishi Niryaat Laabh'.

Exim Bank remains in the forefront in implementing the Official Language Policy of Government of India in its operations. The Bank received the First Prize in the House Journal competition at the hands of Dr. Bimal Jalan, Governor, Reserve Bank of India.

Bank's in-house magazine 'Eximius' has a Hindi section. A special Hindi issue of 'Eximius' for the quarter ended September 2002 was published.

In pursuance of Government policy regarding progressive use of Hindi and to achieve targets fixed in the annual programme for 2002-03, new books on Foreign Trade, Commerce, Finance, Banking, Information Technology and other subjects as well as classical and contemporary literature were added to the Bank's Library. Official Language Implementation Committees at Bank's Head Office and other offices met at quarterly intervals to monitor the progress made in achieving targets fixed for use of Hindi in the Bank.

XI. *REPRESENTATION OF SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES*

Bank, with a total staff strength of 167 in its service as on March 31, 2003 has 23 Scheduled Caste, 15 Scheduled Tribe and 14 Other Backward Class staff members. Bank provided training in computers and other areas to these staff members. Bank continues to grant scholarships for scheduled caste, scheduled tribe and other backward class students at the Indian Institute of Foreign Trade, New Delhi and Bharathidasan Institute of Management, Tiruchirapalli.

ACKNOWLEDGEMENTS

Bank has developed useful relationships, both structured and informal with agencies involved in promotion of trade and investment. CII, FICCI, ASSOCHAM, NASSCOM, FIEO, EEPC, OCCI, Indo-EU Chambers of Commerce, other Export Promotion Councils, Chambers of Commerce and Economic Research Institutes at various centres have been a valuable source of learning and support in the Bank's work. Bank has also received strength and value from interaction with industry, banks, financial institutions, Export Credit Guarantee Corporation of India Ltd., Ministries of Government of India, particularly the parent Ministry of Finance and Reserve Bank of India and Indian Missions abroad in its endeavour to support exports. Bank thanks all multilateral agencies, the international banking community and other international institutions for their support.

The staff of the Bank displayed a high level of commitment and dedication to the pursuit of business growth and new initiatives. Bank's participative and professional work culture has consistently remained a source of strength for the Bank.

World Trade Centres Association, USA, conferred the 'Book of Honor' award on Exim Bank in recognition of the Bank's contribution to world stability through trade.

BOARD OF DIRECTORS

There have been changes on the Board during the year. Dr. Ashok K. Lahiri, Chief Economic Adviser, Department of Economic Affairs, Ministry of Finance, Government of India; Shri Y.S.P. Thorat, Executive Director, Reserve Bank of India; and Shri A. K. Purwar, Chairman, State Bank of India were appointed as Directors on the Board. Shri S. L. Parmar, Executive Director, Reserve Bank of India; and Shri Janki Ballabh, Chairman, State Bank of India relinquished their directorships, consequent upon their superannuation. The Board placed on record the invaluable contributions made by them as Directors. Bank's endeavours were keenly supported and encouraged by the members of the Board.

Balance Sheet as at March 31, 2003 and Profit & Loss Account for 2002-03

Exim Bank pays a dividend of Rs. 450 mn to Government of India. Shri Anandrao Adsul, Hon'ble Minister of State for Finance (Expenditure, Banking and Insurance) receives the cheque from Shri T. C. Venkat Subramanian, Managing Director of Exim Bank.

Balance Sheet

as at 31st March, 2003

Liabilities

		Schedules	This Year (As at 31.03.2003) Rs	Previous Year (As at 31.03.2002) Rs
1.	Capital	I	6,499,918,881	6,499,918,881
2.	Reserves	II	13,170,904,893	12,026,412,246
3.	Profit & Loss Account	III	450,000,000	420,000,000
4.	Notes, Bonds & Debentures		64,902,091,020	33,158,105,018
5.	Bills Payable		—	—
6.	Deposits	IV	9,120,755,855	3,416,000,000
7.	Borrowings	V	16,466,863,518	16,619,145,938
8.	Current Liabilities & Provisions		11,714,820,680	9,185,255,542
9.	Other Liabilities		863,679,671	1,408,703,116
10.	Reserve for possible loan losses		—	—
	Total		123,189,034,518	82,733,540,741

Contingent Liabilities

		This Year	Previous Year
(i)	Acceptances, Guarantees, endorsements & other obligations	16,132,906,000	11,273,281,000
(ii)	On outstanding forward exchange contracts	—	—
(iii)	On underwriting commitments	—	—
(iv)	Uncalled Liability on partly paid investments	14,245,500	14,640,000
(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	313,540,000	19,590,000
	Total	16,460,691,500	11,307,511,000

General Fund

Assets

		Schedules	This Year (As at 31.03.2003) Rs	Previous Year (As at 31.03.2002) Rs
1.	Cash & Bank Balances	VI	12,704,535,257	2,995,374,533
2.	Investments	VII	16,410,790,311	7,762,265,964
3.	Loans & Advances	VIII	86,886,380,899	66,102,416,362
4.	Bills Purchased, Discounted, Rediscounted	IX	850,000,000	2,157,500,000
5.	Fixed Assets	X	503,045,243	504,734,438
6.	Other Assets	XI	5,834,282,808	3,211,249,444
7.	Profit & Loss Account		—	—
	Total		123,189,034,518	82,733,540,741

Note : 1. Cash & Bank Balance includes term deposits with banks
2. Previous Year figures have been regrouped wherever necessary.

S. Sridhar
Executive Director

R.M.V. Raman
Executive Director

T.C. Venkat Subramanian
Managing Director

Dipak Chatterjee
P. P. Vora
Dr. Pulin Nayak

Shekhar Agarwal
P. M. A. Hakeem
Dr. S. Chandra
Directors

Y. S. P. Thorat
A. K. Purwar
Dr. Vinayshil Gautam

As per our attached report of even date
For G. P. Ghose & Associates
Chartered Accountants

Mumbai
Dated : April 26, 2003

G. P. Ghose
Partner

Profit & Loss Account

for the year ended 31st March, 2003

Expenditure

		This Year	Previous Year
		Rs.	Rs.
1.	Interest	4,903,108,855	4,257,052,997
2.	Credit Insurance (Including Guarantee Fee)	40,072,044	38,944,163
3.	Staff Salaries, Allowances etc. and Terminal Benefits	67,367,098	53,925,651
4.	Directors' and Committee Members' Fees and Expenses	481,358	429,941
5.	Audit Fees	250,000	200,000
6.	Rent, Taxes, Electricity and Insurance Premia	56,414,160	43,591,321
7.	Postage, Telegrams and Telex	13,557,562	14,514,854
8.	Legal Expenses	5,894,501	11,935,572
9.	Other Expenses	163,553,566	143,805,511
10.	Depreciation	58,813,885	60,313,847
11.	Transferred to Reserve for possible loan losses	—	—
12.	Profit carried down	2,686,032,647	2,211,573,566
	Total	7,995,545,676	6,836,287,423
	Provision for Income Tax	620,000,000	500,000,000
	Balance of profit transferred to Balance Sheet	2,066,032,647	1,711,573,566
		2,686,032,647	2,211,573,566

Report of the Auditors

We have audited the attached Balance Sheet of General Fund of Export-Import Bank of India as at 31st March, 2003 and also the Profit and Loss Account of General Fund of the Bank for the year ended on that date annexed thereto and report that:

1. 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.
2. In our opinion, the Balance Sheet and the Profit and Loss Account are properly drawn up in accordance with the requirements of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder.
3. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the state of affairs of the General Fund of the Bank as at 31st March, 2003.

For G. P. Ghose & Associates
Chartered Accountants

Mumbai
Dated: April 26, 2003.

G. P. Ghose
Partner

General Fund

Income

	This Year	Previous Year
	Rs.	Rs.
(Less provision made during the year for bad and doubtful debts and other usual and necessary provisions)		
1. Interest and Discount	6,930,423,186	6,008,494,756
2. Exchange, Commission, Brokerage and Fees	643,748,227	694,852,610
3. Other Income	421,374,263	132,940,057
4. Loss carried to Balance Sheet	—	—
Total	7,995,545,676	6,836,287,423
Profit brought down	2,686,032,647	2,211,573,566
Excess Income/Interest tax provision of earlier years written back	—	—
	2,686,032,647	2,211,573,566

Note : 1. Income includes Rs. 2.22 bn on account of treasury operations, investment & bank deposits (Previous year Rs. 1.62 bn).

2. Previous Year figures have been regrouped wherever necessary.

S. Sridhar
Executive Director

R.M.V. Raman
Executive Director

T.C. Venkat Subramanian
Managing Director

Dipak Chatterjee
P.P. Vora
Dr. Pulin Nayak

Shekhar Agarwal
P. M. A. Hakeem
Dr. S. Chandra
Directors

Y. S. P. Thorat
A. K. Purwar
Dr. Vinayshil Gautam

As per our attached report of even date
For G. P. Ghose & Associates
Chartered Accountants

G. P. Ghose
Partner

Mumbai
Dated : April 26, 2003

Schedules to the Balance Sheet

as at 31st March, 2003

		This Year (As at 31.03.2003)	Previous Year (As at 31.03.2002)
		Rs	Rs
Schedule I :	**Capital :**		
	1. Authorised	10,000,000,000	10,000,000,000
	2. Issued and Paid-up : (Wholly subscribed by the Central Government)	6,499,918,881	6,499,918,881
Schedule II :	**Reserves :**		
	1. Reserve Fund	10,189,214,329	9,467,981,682
	2. General Reserve	—	—
	3. Other Reserves :		
	Investment Fluctuation Reserve	251,371,500	415,211,500
	Sinking Fund (Lines of Credit)	470,319,064	433,219,064
	4. Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	2,260,000,000	1,710,000,000
		13,170,904,893	12,026,412,246
Schedule III :	**Profit & Loss Account :**		
	1. Balance as per annexed accounts	2,066,032,647	1,711,573,566
	2. Less: Appropriations:		
	- Transferred to Reserve Fund	721,232,647	522,773,566
	- Transferred to Investment Fluctuation Reserve	250,000,000	150,000,000
	- Transferred to Sinking Fund	37,100,000	38,800,000
	- Transferred to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	550,000,000	580,000,000
	- Provision for tax on distributed profit by way of dividend	57,700,000	—
	3. Balance of the net profits (Transferable to the Central Government in terms of Section 23(2) of the Exim Bank Act,1981)	450,000,000	420,000,000
Schedule IV :	**Deposits:**		
	(a) In India	129,247,925	—
	(b) Outside India	8,991,507,930	3,416,000,000
		9,120,755,855	3,416,000,000
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	107,666,669	123,000,002
	3. From Other Sources :		
	(a) In India	—	—
	(b) Outside India	16,359,196,849	16,496,145,936
		16,466,863,518	16,619,145,938
Schedule VI :	**Cash & Bank Balances :**		
	1. Cash in Hand	75,114	276,417
	2. Balance with Reserve Bank of India	2,760,837	3,709,929
	3. Balances with other Banks:		
	(a) In India	9,565,868,999	153,377,839
	(b) Outside India	3,035,830,307	2,438,010,348
	4. Money at call and short notice	100,000,000	400,000,000
		12,704,535,257	2,995,374,533

General Fund

	This Year (As at 31.03.2003)	Previous Year (As at 31.03.2002)
	Rs.	Rs.
Schedule VII : Investments:		
1. Securities of Central and State Governments	5,726,400,328	1,128,615,000
2. Equity Shares & Stocks	1,072,405,883	1,081,459,489
3. Preference Shares and Stocks	—	—
4. Notes, Debentures and Bonds	3,709,684,100	3,421,051,475
5. Others	5,902,300,000	2,131,140,000
	16,410,790,311	7,762,265,964
Schedule VIII : Loans & Advances:		
1. Foreign Governments	180,331,539	180,641,087
2. Banks:		
(a) In India	15,846,759,657	341,710,481
(b) Outside India	1,520,794,138	1,327,974,563
3. Financial Institutions:		
(a) In India	—	—
(b) Outside India	214,047,184	249,190,072
4. Others	69,124,448,381	64,002,900,159
	86,886,380,899	66,102,416,362
Schedule IX : Bills Purchased, Discounted, Rediscounted:		
(a) In India	850,000,000	2,157,500,000
(b) Outside India	—	—
	850,000,000	2,157,500,000
Schedule X : Fixed Assets :		
(At cost less depreciation)		
1. Premises	428,143,085	441,158,804
2. Others	74,902,158	63,575,634
	503,045,243	504,734,438
Schedule XI : Other Assets :		
1. Accrued interest on investments and on loans	1,423,661,569	1,127,480,517
2. Prepaid insurance premium - paid to Export Credit Guarantee Corporation of India Ltd.	1,170,503	1,589,596
3. Deposits with sundry parties	21,514,783	5,345,768
4. Others	4,387,935,953	2,076,833,563
	5,834,282,808	3,211,249,444

Balance Sheet

as at 31st March, 2003

Liabilities

	This Year (As at 31.03.2003)	Previous Year (As at 31.03.2002)
	Rs.	Rs.
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	35,751,693	39,247,318
5. Profit and Loss Account	145,489,880	129,947,802
Total	309,549,360	297,502,907

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 : Section 37 of Exim Bank Act, 1981 (which provided, inter alia, that any income, profits or gains accruing to the Export Development Fund or any amount received to the credit of that Fund would not be charged to tax), was omitted by Finance (No. 2) Act 1998 with effect from April 1, 1999. Exim Bank was advised that since the said Section was in force till March 31, 1999, the exemption would be available in respect of income accruing or arising to it upto the end of accounting year 1998-99. The Income tax authorities have passed the assessment order and Exim Bank had made payment of tax of Rs. 6.62 mn for that year without prejudice to its rights in the matter. The Bank is pursuing the matter for refund of tax paid for A.Y. 1999-2000.

Export Development Fund

Assets

		This Year (As at 31.03.2003)	Previous Year (As at 31.03.2002)
		Rs.	Rs.
1.	Bank Balances	271,192,125	255,015,272
2.	Investments	—	—
3.	Loans & Advances :		
	(a) In India	—	—
	(b) Outside India	8,505,318	8,505,318
4.	Bills Purchased/Discounted :		
	(a) In India	—	—
	(b) Outside India	—	—
5.	Other Assets	29,851,917	33,982,317
6.	Profit and Loss Account	—	—
	Total	309,549,360	297,502,907

S. Sridhar
Executive Director

R.M.V. Raman
Executive Director

T.C. Venkat Subramanian
Managing Director

Dipak Chatterjee
P.P. Vora
Dr. Pulin Nayak

Shekhar Agarwal
P. M. A. Hakeem
Dr. S. Chandra

Y. S. P. Thorat
A. K. Purwar
Dr. Vinayshil Gautam

Directors

As per our attached report of even date
For G. P. Ghose & Associates
Chartered Accountants

G. P. Ghose
Partner

Mumbai
Dated : April 26, 2003

Profit & Loss Account

for the year ended 31st March, 2003

Expenditure

		This Year	Previous Year
		Rs.	Rs.
1.	Interest	—	—
2.	Other Expenses	—	—
3.	Profit carried down	22,650,078	25,506,097
	Total	22,650,078	25,506,097
	Provision for Income Tax	7,108,000	9,106,000
	Balance of profit transferred to Balance Sheet	15,542,078	16,400,097
	Total	22,650,078	25,506,097

Report of the Auditors

We have audited the attached Balance Sheet of Export Development Fund of Export-Import Bank of India as at 31st March, 2003 and also the Profit and Loss Account of Export Development Fund of the Bank for the year ended on that date annexed thereto and report that:

1. 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.
2. In our opinion, the Balance Sheet and the Profit and Loss Account are properly drawn up in accordance with the requirements of the Export-Import Bank of India Act, 1981 and the Regulations framed thereunder.
3. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Export Development Fund of the Bank as at 31st March, 2003.

For G. P. Ghose & Associates
Chartered Accountants

Mumbai
Dated: April 26, 2003.

G. P. Ghose
Partner

Export Development Fund

Income

	This Year	Previous Year
	Rs.	Rs.
(Less provision made during the year for bad and doubtful debts and other usual and necessary provisions)		
1. Interest and Discount	22,650,078	25,506,097
2. Exchange, Commission, Brokerage and Fees	—	—
3. Other Income	—	—
4. Loss carried to Balance Sheet	—	—
Total	22,650,078	25,506,097
Profit brought down	22,650,078	25,506,097
Excess Income/Interest tax provision of earlier years written back	—	—
Total	22,650,078	25,506,097

S. Sridhar
Executive Director

R.M.V. Raman
Executive Director

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As per our attached report of even date
For G. P. Ghose & Associates
Chartered Accountants

G. P. Ghose
Partner

Mumbai
Dated : April 26, 2003

Notes to Accounts — General Fund

1. 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 Rs. 32,635,851,422 (Previous year Rs. 33,539,634,580) held on agency account including a sum of Rs. 29,490,154,497 assigned to GOI are not included in the above Balance Sheet.

2. Section 37 of Exim Bank Act, 1981 (which provided, inter alia, that any income, profits or gains derived or any amount received by Exim Bank would not be charged to tax), was omitted by Finance (No. 2) Act 1998 with effect from April 1, 1999. Exim Bank was advised that since the said Section was in force till March 31, 1999, the exemption would be available in respect of income accruing or arising to it upto the end of accounting year 1998-99. However, Exim Bank had made a provision for taxation and has created a Special Reserve u/s 36(1)(viii) of the Income-tax Act, 1961. The Bank had also made a total payment of Rs. 792.2 mn towards income-tax and Rs. 62.5 mn towards interest-tax for that year without prejudice to its rights in the matter. The Bank is pursuing the matter for refund of the taxes paid for Assessment Year (A.Y.) 1999-2000. The Bank has also made part payments against the demand raised by Income-tax Authorities for A.Ys. 2000-01 & 2001-02 and the matter is being pursued for refund of tax paid. The interest-tax demand for A.Ys. 1999-00 and 2000-01 are also in appeal. Provision for taxation is not considered necessary in respect of above demands based on various judicial decisions and counsel's opinion on such issues.

3. The outstanding forward contracts amounted to Rs. 63.5 mn (previous year Rs. 315.2 mn) as at March 31, 2003 and these have been fully hedged.

4. Capital as on March 31, 2003

(a)	(i) Capital to Risk Assets Ratio (CRAR)	26.92%
	(ii) Core CRAR	25.89%
	(iii) Supplementary CRAR	1.03%

(b) 'Notes, Bonds and Debentures' include 8% 2022 Bonds subscribed by Government amounting to Rs. 5.59 bn These Bonds are unsecured and rank junior to all borrowings/deposits/subordinated debts of the Bank and qualify for Tier I Capital of the Bank subject to certain conditions prescribed by RBI/ Government.

(c) The amount of subordinated debt raised and outstanding as on March 31, 2003 as Tier-II capital : NIL

(d) Risk weighted assets –

(i) 'On' balance sheet items : Rs. 80.10 bn

(ii) 'Off' balance sheet items: Rs. 9.65 bn

(e) The share holding pattern as on the date of the balance sheet: Wholly subscribed by Govt.of India.

- *The CRAR and other related parameters, have been determined as per the extant capital adequacy norms prescribed by RBI for the FIs.*

5. Asset quality and credit concentration as on March 31, 2003

(a) Percentage of net Non-Performing Assets (NPAs) to net loans and advances : 2.25 (previous year 7.13)

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

	Amount (Rs. bn)	Percentage
Substandard Assets	1.20	1.47
Doubtful Assets	0.64	0.78
Loss Assets	—	—
	1.84	2.25

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

	Amount (Rs. bn)
Standard Assets	0.57
NPAs	0.62
Investments (other than those in the nature of an advance) — write off	(-) 0.10
Income Tax	0.62

(d) Movement in net NPAs :

	Amount (Rs. bn)
Net NPAs as on April 1, 2002	4.48
New NPAs during 2002-03	1.13
Recoveries/upgradations during 2002-03	3.77
Net NPAs as on March 31, 2003	1.84

(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)

	Amount (Rs. bn)
Opening balance as at the beginning of the financial year	5.38
Add : Provisions made during the year	2.17
Less : Write off, write back of excess provision	1.55
Closing balance at the close of the financial year	6.00

(f) Provisions for depreciation in investments

	Amount (Rs. bn)
Opening balance as at the beginning of the financial year	0.24
Add :	
i. Provisions made during the year	—
ii. Appropriation, if any, from Investment Fluctuation Reserve Account during the Year	0.41
Less :	
i. Write off during the year	0.51
ii. Transfer, if any, to Investment Fluctuation Reserve Account	Nil
Closing balance as at the close of the financial year	0.14

(g) Restructured Standard Assets as on March 31, 2003 : Rs. 3.93 bn (previous year Rs. 1.18 bn).

(h) Restructed Substandard Assets as on March 31, 2003 : Rs. 0.05 bn (previous year Rs. 2.19 bn).

(i) Corporate Debt Restructuring (CDR) undertaken as on March 31, 2003:

	Amount (Rs. bn)
(a) Total amount of loan assets subjected to restructuring under CDR (a=b+c+d)	0.53
(b) The amount of standard assets subjected to CDR	0.53
(c) The amount of sub-standard assets subjected to CDR	NIL
(d) The amount of doubtful assets subjected to CDR	NIL

(j) Credit Exposure :

	Percentage to Capital Funds *	Percentage to Adjusted Total Credit Exposure (ATCE)
i) Largest single borrower	10.40	1.95
ii) Largest borrower group	12.04	2.26
iii) 10 largest single borrowers	68.56	12.88
iv) 10 largest borrower groups	82.00	15.40

* Capital Funds as on March 31, 2002

ATCE : Loans + Advances + Unutilised sanctions + 50% of Guarantees.

Credit exposure to banks and overseas institutions guaranteed by Government, not considered for single/ group borrowers exposure.

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

Sector	Percentage to Adjusted Total Credit Exposure (ATCE)
i) Textile & Garments	10.31
ii) Engineering Goods	9.28
iii) Drugs and Pharmaceuticals	9.23
iv) Metals & Metal Processing	8.88
v) Chemicals & Dyes	8.70

- *The "credit exposure" has been reckoned as defined in RBI circular DoS.FID.No. 17/01.02.00/96-97 dated June 28, 1997.*

  Refinance to banks and Lines of Credit/Buyer's Credit to overseas entities have been excluded.

6. Liquidity:

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

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

(Rs. 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	41.33	42.13	18.07	12.86	22.66	137.05
Foreign currency assets	16.18	8.43	5.93	2.13	2.00	34.67
Total assets	57.51	50.56	24.00	14.99	24.66	171.72
Rupee liabilities	34.10	16.16	23.47	7.02	47.76	128.51
Foreign currency liabilities	14.75	8.39	3.71	0.75	6.00	33.60
Total liabilities	48.85	24.55	27.18	7.77	53.76	162.11

- *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.*

7. Operating results:

   (a) Interest income as a percentage to average working funds: 7.07 (previous year 7.79)

   (b) Non-interest income as a percentage to average working funds: 1.09 (previous year 1.07)

   (c) Operating profit as a percentage to average working funds: 3.39 (previous year 3.59)

   (d) Return on average assets : 2.11% (previous year 2.22%)

   (e) Net Profit per (permanent) employee : Rs. 12.4 mn (previous year Rs. 10.5 mn)

   - *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.*

8. Forward Rate Agreements/Interest Rate Swap in terms of RBI Guidelines dated July 7, 1999

1.	No. of transactions outstanding	21
2.	Total o/s notional principal	Rs. 8.45 bn
3.	Nature of swaps	All transactions for hedging purpose/liability management in the nature of "Fixed-Floating" or "Floating-Fixed" based on market benchmarks such as GOI-Sec yields.
4.	Terms	The transactions are for periods between 5 and 15 years
5.	Loss which would be incurred in case counter-parties fail to fulfil their obligations	Rs. 30 mn
6.	Collateral required	—
7.	Concentration of credit risk arising from swaps	All transactions fall within exposure limits.
8.	Fair value of swap book	Rs. 100 mn

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A. K. Purwar
Dr. Vinayshil Gautam

As per our attached report of even date
For G. P. Ghose & Associates
Chartered Accountants

G. P. Ghose
Partner

Mumbai
Dated : April 26, 2003

Significant Accounting Policies

(i) **Financial Statements**

Balance Sheet and Profit and Loss account of Export-Import Bank of India have been prepared in accordance with the accounting principles followed in India and these are also generally consistent with international accounting standards. 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 March 23, 2001 and thereafter.

(ii) **Revenue Recognition**

(a) Income/Expenditure is recognised on accrual basis except in respect of penal interest and commitment charges, which are accounted on cash basis. Discount / redemption premium offered on Exim Bank Bonds has been amortised over the tenor of the bond and included in interest expenses.

(b) Interest & Discount is stated at Gross Interest less interest on Non-Performing Assets (NPAs). NPAs are determined as per RBI guidelines issued to All-India Term Lending Institutions.

(iii) **Asset Classification and Provisioning**

Loans and Advances shown in Balance Sheet comprise only principal outstandings net of claims settled by Export Credit Guarantee Corporation of India Ltd. (ECGC). Interest receivables are grouped under "other assets".

Loan Assets are classified in 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. Provisions for funded facilities are made 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 & Bonds v) Subsidiaries/Joint Ventures vi) Others (CP, Mutual Fund Units, etc.).

The classification of various instruments of investments, categorisation, shifting among categories and valuation of investments are done in accordance with the norms laid down by RBI vide its circular dated November 9, 2000 issued 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 over twenty years on owned buildings, and over four years on other assets.

(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 deficiency is adjusted in Revenue Account.

(vi) **Accounting for Foreign Currency Transactions**

(a) Foreign currency liabilities and foreign currency assets of the Bank are converted at the market exchange rate prevailing on the date of Balance Sheet except in case of Non-Performing Assets (in accordance with RBI guidelines).

(b) Assets and Liabilities pertaining to overseas Representative Offices of the Bank are translated at the exchange rate as on the date of the Balance Sheet. Their income and expenses are translated at average exchange rate of remittances.

(c) The Exchange difference, if any, arising out of the translations at (a) and (b) above is debited/credited to "Reserve for Exchange Rate Fluctuations" except on account of currency swaps where the exchange difference is grouped under "Other Assets/Other Liabilities".

(d) Exchange income in respect of loans, advances designated for repayment in foreign currency is recognised on realisation.

(vii) **Guarantees**

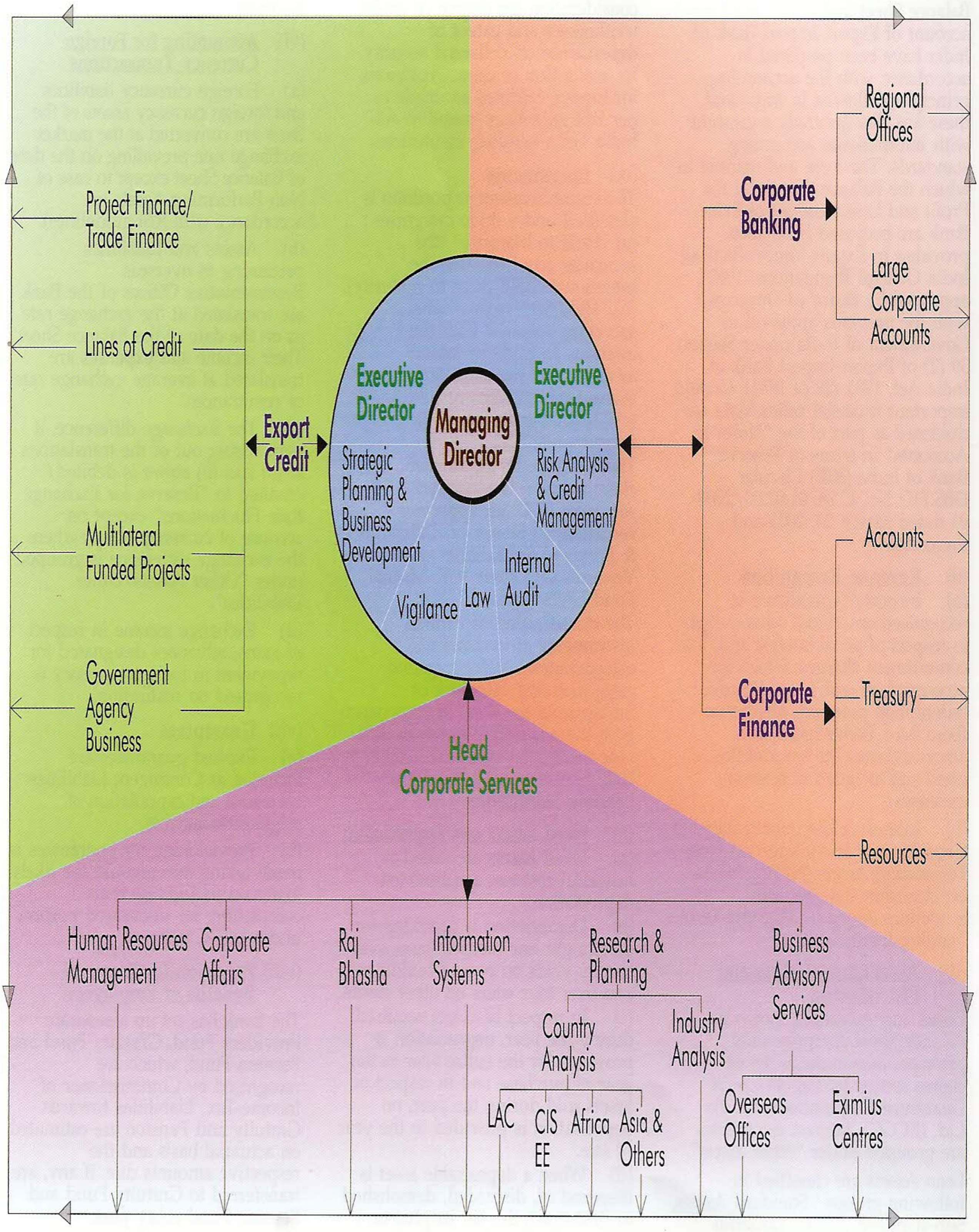
(a) Expired guarantees are included as Contingent Liabilities till return and cancellation of original documents.

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

(viii) **Provision for Terminal Benefits of Employees**

The Bank has set up a separate Provident Fund, Gratuity Fund and Pension Fund, which are recognised by Commissioner of Income-Tax. Liabilities towards Gratuity and Pension are estimated on actuarial basis and the respective amounts due, if any, are transferred to Gratuity Fund and Pension Fund every year.

Organisation



Management Team

Managing Director & Chief Executive Officer

T. C. Venkat Subramanian

Executive Directors

S. Sridhar

R. M. V. Raman

Group Heads

S. R. Rao
Corporate Services

P. A. Makwana
Export Credit

S. Bhattacharyya
Strategic Planning & Business Development

A. M. Sonmale
Risk Analysis & Credit Management

Ms. H. S. Advani
Corporate Banking

S. Sarkar
Corporate Banking

D. G. Prasad
Agri Business

N. Shankar
Corporate Finance

Ms. A. V. Herwadkar
Human Resources Management & Raj Bhasha

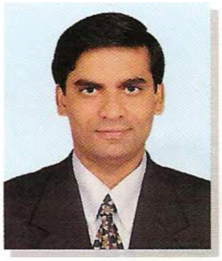
P. R. Dalal
Lines of Credit

N. E. Ookabhoy
Legal (Adviser)

Regional Heads

Indian Offices

Ahmedabad
Vinod Goel



Bangalore
Mothi Sayeeram

Chennai
K. Muthukumaran

Guwahati
Saumar Sonowal

Hyderabad
J. Samuel Joseph

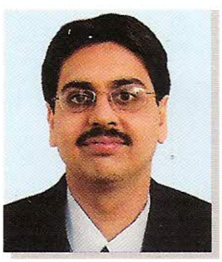
Kolkata
Hitendera Rawal

Mumbai
Vivek Bhatt

New Delhi
Sunil Trikha

Pune
R. W. Khanna

Overseas Offices



Budapest
Nirmit Ved

Johannesburg
Sriram Subramanian

Milan
Mukul Sarkar

Singapore
Bhanu Abhilashi

Washington D. C.
David Rasquinha