



PROMOTING PROJECT EXPORTS TO BOOST EXPORTS AND JOB CREATION

Export of projects and services is an indicator of a country's advancement in technology and upward movement in the value chain of export performance. Project export contracts are generally of high value and exporters undertaking them are required to offer competitive credit terms to be able to secure orders from foreign buyers in the face of stiff competition. Long term deferred credit thus plays an important role in securing project export contracts. With industrial demand slowing down globally, governments around the world are now targeting energy and infrastructure projects as vital conduits for exporting high-value machinery, labour, expertise and technology packaged as engineering, procurement and construction (EPC) projects.

Project exports are an effective instrument for expanding geo-commercial influence in the host countries, as they give an impetus to domestic industry to manufacture for exports and stimulate demand for domestic firms, particularly SMEs, resulting in a multiplier effect on employment and economic growth. Project exports, thus, support the Government of India's "Make in India" initiative by giving a boost to domestic manufacturing through backward linkages, while at the same time generating employment in related industries.

Project Exports from India have evolved since a modest beginning in the 1970s. Today Indian companies are executing a variety of projects in diverse markets overseas, demonstrating capabilities and expertise spanning a wide range of sectors. Exim Bank has been closely associated with the growth of India's project exports. Projects funded by the multilateral development banks (MDBs), both in India and in borrower countries, present attractive business opportunities for Indian suppliers, contractors and consultants. These opportunities are spread across an array of sectors, including power, water supply, transport, telecommunication, agriculture, education and health. Due to their technical expertise and relevant experience in such sectors, Indian companies are often well-placed to secure contracts in projects funded by MDBs. Successful project exports are the outcome of exemplary vision.

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BOARD OF DIRECTORS

(As on May 18, 2018)

Directors representing the Government of India



Ms. Rita Teaotia
Secretary
Department of Commerce
Ministry of Commerce & Industry



Shri Ramesh Abhishek
Secretary
Department of Industrial Policy
& Promotion
Ministry of Commerce & Industry



Shri T. S. Tirumurti
Secretary (ER)
Ministry of External Affairs



Dr. Arvind Subramanian
Chief Economic Adviser
Ministry of Finance



Shri Pankaj Jain
Joint Secretary (IF)
Department of Financial Services

Directors from the Reserve Bank of India, Institutions and Commercial Banks



Dr. M. D. Patra
Executive Director
Reserve Bank of India



Shri Rajnish Kumar
Chairman
State Bank of India



Smt. Geetha Muralidhar
Chairman-cum-Managing
Director, ECGC Ltd.



Shri Rajeev Rishi
Chairman & Managing Director
Central Bank of India



Shri M. K. Jain
Managing Director & CEO
IDBI Bank Ltd.



Shri Dinabandhu Mohapatra
Managing Director & CEO
Bank of India

Whole-time Directors



Shri David Rasquinha
Managing Director



Shri Debasish Mallick
Deputy Managing Director

STATEMENT OF THE MANAGING DIRECTOR



The year gone by has not been the best of the years, both for the Indian banking sector in general, and Exim Bank, as an institution, in particular. The Government of India (GOI) and the Reserve Bank of India (RBI) introduced a slew of measures during the last few months, towards cleaning up the financial system in the country. The corrective measures, though good for the financial sector from a long-term perspective, have brought in challenges to the Indian banking sector, and Exim Bank was not immune to it.

The gross bank credit which was growing at double digits till FY 2014, suddenly tapered to single digit growth in FY 2015, declining further during FY 2016 and FY 2017. In FY 2018, the gross bank credit growth experienced a modest recovery of 0.80%, touching an 8.20% growth over the previous year. These tepid figures are largely due to the prevailing non-performing loans, coupled with weak debt-

servicing ability of the corporates, leading to twin balance sheet issues.

In merchandise exports the Indian economy breached US\$ 300 billion mark after a gap of two years, after having reached a high of US\$ 314 billion in FY 2014. With the spike in crude oil prices and the increase in non-oil imports, the trade deficit is expected to widen further.

On the other hand, the external environment has been showing some signs of recovery, with the developed economies like US experiencing some growth traction. Global trade which has seen some decline in the past, showed some green shoots in 2017. However, given the increasing protectionism sentiments across the globe, and signals of trade wars, concerns remain for a sustainable trade environment going forward.

Business Results

The impact of the new domestic regulatory measures got reflected in the state of the financial sector, which in turn was mirrored in Exim Bank's performance.

The Bank's net loan portfolio has grown marginally to ₹ 1075 billion as on March 31, 2018, compared to ₹ 1026 billion as on March 31, 2017, indicating a net asset growth of 4.76%. The Policy Business i.e. business carried out on behalf of, or at the behest of the GOI, constituted 38% of the total loan portfolio, while the Commercial Business constituted 62% of the total loan portfolio of the Bank as on March 31, 2018. The regulatory changes and continued subdued business environment brought in fresh slippages of assets as non-performing in the last quarter of FY 2017-18. The Bank has provisioned aggressively with a vision of putting the NPA problems behind it and moving forward. However, the Bank's Capital to Risk Weighted Assets Ratio

(CRAR) as on March 31, 2018 remained at 10.35%, well above the RBI norm of minimum 9.00% for total capital.

During the year, the Bank received capital of ₹ 5 billion from the GOI. As on March 31, 2018, the Bank's paid-up capital stood at ₹ 73.59 billion, and the reserves stood at ₹ 22.41 billion. The Bank's international credit rating remained at par with the sovereign, at Baa2 by Moody's, BBB- by Standard & Poor's, BBB- by Fitch Ratings, and BBB+ by Japan Credit Rating Agency.

Over the last few years, there has been consistent support from the GOI in the form of regular infusion of capital in the Bank, and this is expected to be at a greater level, as the role and expectations from the institution have been scaled up, especially for strategic project exports.

Policy Business

The Bank currently is involved in a host of concessional finance programmes, which are typically medium to long term in nature.

The Lines of Credit (LOC) is the largest such programme, being extended since its inception in 2003, on behalf of the ministry of external affairs and the ministry of finance, GOI. Exim Bank, as on date has an exposure to 62 developing and less developed countries in Africa, Asia, Latin America and the CIS regions, under this programme, for financing crucial infrastructure projects in sectors as diverse as power, roads, health systems, and information technology.

Since 2011, the Bank has been supporting Indian project exports under an innovative programme, the Buyer's Credit under National Export Insurance Account (BC-NEIA), jointly with ECGC Ltd., under the aegis of the Ministry of Commerce and Industry, GOI. The programme envisages promotion of India's project exports to traditional as well as new markets in developing countries which need deferred credit on medium or long-term basis. The BC-NEIA programme has received a remarkable response since its inception.

Exim Bank is the country's key export policy institution, and has been instrumental in playing a vital role furthering the GOI's geo-economic strategic initiatives. In this connection, pursuant to the approval of the GOI, Export Development Fund (EDF - a fund administered by Exim Bank) has extended a Buyer's Credit Facility of ₹ 30 billion to Iran (Framework Agreement signed between EDF and seven Iranian banks). As approved by the GOI, the entire credit facility would be utilized for export of steel rails from India and the Chabahar Port Development Project.

Since 2015, the Bank is operating another programme, Concessional Financing Scheme, on behalf of the ministry of finance, GOI, towards supporting strategically important projects which have been secured by Indian companies abroad. Under this Scheme, the Bank has extended a term loan of US\$ 1.60 billion to the Bangladesh-India Friendship Power Company Pvt. Ltd. (BIFPCL, a 50:50 joint venture between the Bangladesh Power Development Board, Bangladesh and NTPC Ltd., India) for financing the strategic 1320 MW (2*660 MW) ultra-super-critical Maitree Super Thermal Power Project on turnkey basis at Rampal, District-Bagerhat, Bangladesh. Once commissioned, the thermal power project is expected to be the largest power plant in Bangladesh ameliorating lives of thousands of its citizens.

Exim Bank has also been working alongside the Department of Commerce, Ministry of Commerce and Industry, GOI, as the Empowered Institution, in implementing the 'Project Development Fund (PDF)', with an initial corpus of ₹ 5 billion, for catalysing Indian investments in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV). Under this initiative, the Bank has identified potential sectors in the CLMV region for undertaking preparation of Detailed Project Reports, based on which Special Purpose Vehicles will be set up in the region for implementing the identified projects. The PDF initiative is well aligned with the GOI's 'Act East Policy'.

Commercial Business

A barometer for success of any firm in these days of global integration is the extent of its footprints worldwide, more so in the context of an emerging country environment. Recognising this, and in an endeavour to encourage and support Indian firms in their quest for globalisation, Exim Bank has been supporting Indian investments abroad under the Overseas Investment Finance program since its formative years. Besides, the Bank has been offering funding solutions for setting up new export oriented units, their expansion, modernisation, purchase of equipment, and also research and development, towards creation of export capability in the domestic economy. One such support extended recently was to a firm which has been involved in pharmaceutical and vaccine manufacturing and is amongst the top-five pure play vaccine manufacturers globally and among the top-three in the emerging markets. Our lending programs for export capability creation and the OIF programme have led to several success stories in the past. Exim Bank is proud to be associated with some of such Indian corporates, which have scaled new heights in partnership with the Bank.

The Bank, at the same time, is conscious of its obligation towards facilitating the latent business potential at the grassroots level. The Bank supports the globalisation of enterprises based in rural areas of the country. The Bank has assisted micro, small and medium enterprises with marketing support for their products in overseas markets. During the year, the Bank has signed a Memorandum of Co-operation with the Centre for Microfinance & Livelihood, an initiative of Tata Trusts. Besides placing such products in traditional brick-and-mortar outlets, the Bank has also engaged with e-commerce platforms to extend the reach of the MSME sector beyond India's boundaries.

While working with micro and grassroot enterprises, the Bank has also had to address some key issues, especially related to product development and design. The Bank has been supporting and assisting

rural artisans and craftsmen of handicraft products to gain domestic as well as international presence by organising skill building and training workshops. Besides, a dedicated team has been working with such enterprises supporting their international marketing efforts. The Bank's success in generating export orders for Indian manufacturers and rural entrepreneurs is a matter of immense satisfaction.

Resources

During the year, the Bank raised foreign currency resources aggregating US\$ 3.26 billion equivalent through a variety of instruments, different investor bases and across various geographies.

The Bank successfully launched a 5-year Reg-S floating rate Formosa Bond issue of US\$ 400 million in August 2017. The issue was priced at 100 basis points over 3 months US\$ Libor resulting in the largest Formosa Bond issuance out of India and first Formosa transaction by an Indian financial institution.

In January 2018, the Bank successfully priced a 10-year Bond issue of US\$ 1 billion, its second transaction in the 144A/Reg-S format. The issue was hugely oversubscribed as it attracted a total order book in excess of US\$ 1.8 billion from over 100 high-quality global investors. Having initially marketed the deal at 150 basis points over US Treasuries, the Bank was able to achieve a final pricing of 125 basis points over US Treasuries, to yield 3.897 per cent on a coupon of 3.875 per cent. The Notes achieved the tightest ever spread over US Treasury for an Indian entity for a 10-year issuance.

Research and Analysis

Towards diffusion of information on potential sectors, regions and countries, Exim Bank's dedicated team of researchers is involved in analysing areas of concomitant interest to the Bank and the country. Some of the studies that have been published during the year are: Trade in Environmental Goods: A Perspective; The Internationalization of Indian firms through outbound Foreign Direct Investment: Nature, determinants

and developmental consequences; Oil Price and International Trade in Petroleum Crude and Products: An Indian Perspective; Financialisation and its Implications on the Determination of Exchange Rates of Emerging Market Economies; Strengthening ASEAN - India Partnership: Trends and Future Prospects; Indo-Sri Lanka Trade and Investment Relations: Current Trends and Prospects; Indian Investments in Latin America and Caribbean: Trends and Prospects; International Trade in Processed Foods: An Indian Perspective; amongst many others.

Exim Bank, taking cognizance of the African Development Bank's High-Five strategy, brought out a set of five Working Papers on: Feed Africa; Water, Sanitation and Healthcare in Africa; Integrate Africa; Manufacturing in Africa and Power Sector in Africa delineating the opportunities for India to co-operate with Africa in each of these areas.

The Bank, leveraging its knowledge-base, and understanding of the export opportunities from various States in India, has partnered the UNDP in formulating a programme aimed at promoting export potential of MSMEs in the industrial clusters of the North-East region. The Bank has also conducted a Study titled, Exports from Uttar Pradesh: Trends, Opportunities and Policy Perspectives during the year.

Being a Policy Bank, the Bank has been pivotal in sharing knowledge and providing information as and when sought by the GOI on matters related to trade and investment. Amongst others, the Bank's officials have been part of India's negotiating team at the International Working Group Meetings on Export Credit.

Institutional Interaction

With an encouraging track record in building institutions in other developing countries, the Bank continues to secure fee-based consultancy assignments in developing countries. The Bank's exemplary experience of over three decades in introducing new products and services in a

developing country context has been crucial in advising other developing countries towards setting up Exim Banks and development financial institutions, and structuring of financial products. In FY 2017-18, the Ghana Export-Import Bank (Exim Ghana) commissioned the Bank to provide technical assistance across various operational areas of Exim Ghana.

The Bank further strengthened its traditional bonds with partner institutions around the world. With a view to providing a common platform to multilateral institutions and Indian companies, the Bank organized a series of seminars on business opportunities in projects funded by the World Bank and the Asian Development Bank. The seminars attracted suppliers, contractors and consultants from India, making it possible for them to have direct interface with officials from multilateral institutions.

The 9th BRICS Summit was held in 2017, in China. During the Summit, Exim Bank entered into two multilateral agreements with other member development banks of BRICS nations under the BRICS Interbank Cooperation Mechanism, namely, Interbank Local Currency Credit Line Agreement which would serve as an enabler to enter into bilateral agreements among the member banks subject to national laws, regulations and policies of the signatory institutions; and Co-operation Memorandum relating to Credit Ratings which would enable sharing of internal ratings amongst the BRICS development banks, and would serve as an ideal mechanism to take informed decisions for cross border lending in BRICS countries.

The Bank participated in the Annual General Meeting of the Global Network of Exim Banks and Development Finance Institutions, held in Geneva, in July 2017, which was followed by an Exchange Programme hosted by the BNDES (Brazilian Development Bank), in Brazil in November 2017. The Bank also participated in the Twenty Third Annual Meeting of the Asian Exim Banks Forum (AEBF), hosted by EFIC in Sydney, Australia, in November, 2017. The Bank played a leadership role

to set up the AEBF in 1996. Over the years it has evolved as an effective mechanism for economic co-operation and sharing best practices in various aspects of export credit agency operations.

The Bank is also a member of the Association of Development Financing Institutions in Asia and the Pacific, and co-hosted its Annual Meetings in New Delhi in February 2018. The theme of the Meeting was 'Promoting Inclusive and Sustainable Development - Role of DFI's'. On this occasion the Bank released two studies – Revitalizing Trade Finance: Development Banks and Export Credit Agencies at the Vanguard; and Creating a Resilient Trade Finance Architecture: A Compendium of Articles.

The Bank has an esteemed list of Directors on its Board, who have been guiding the Bank towards attaining its chartered objectives. They include, Ms. Rita Teotia, Commerce Secretary, Department of Commerce, Ministry of Commerce & Industry; Shri Ramesh Abhishek, Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce & Industry; Shri T. S. Tirumurti, Secretary, Economic Relations, Ministry of External Affairs; Dr. Arvind Subramanian, Chief Economic Adviser, Government of India; Shri Pankaj Jain, Joint Secretary, Department of Financial Services, Ministry of Finance; Dr. M.D. Patra, Executive Director, Reserve Bank of India; Smt. Geetha Muralidhar, Chairman cum Managing Director, ECGC Ltd., Shri Rajnish Kumar, Chairman, State Bank of India; Shri M. K. Jain, Managing Director & CEO, IDBI Bank Ltd., Shri Rajeev Rishi, Chairman & Managing Director, Central Bank of India; and Shri Dinabandhu Mohapatra, Managing Director & CEO, Bank of India.

There have also been changes on the Board of the Bank. Shri M. K. Jain, Managing Director & CEO, IDBI Bank Ltd., Shri Dinabandhu Mohapatra, Managing Director and CEO, Bank of India, Shri Rajnish Kumar, Chairman, State Bank of India, Shri Vijay Keshav Gokhale, Secretary (ER), Ministry of External Affairs, and Shri T. S. Tirumurti, Secretary (ER), Ministry of External Affairs have been appointed as Directors on the Board.

Shri Amar Sinha, Secretary (Economic Relations), Ministry of External Affairs, Smt. Arundhati Bhattacharya, Chairperson, State Bank of India, Shri Vijay Keshav Gokhale, Secretary (ER) Ministry of External Affairs, Shri Kishor Kharat, Managing Director & CEO, IDBI Bank Ltd., and Smt. Usha Ananthasubramanian, Managing Director & CEO, Punjab National Bank relinquished their directorships consequent upon completion of their term or change in office. The Bank gratefully acknowledges their invaluable contribution as Directors.

Despite a challenging business environment, the Bank has vigorously pursued with its mission to promote Brand India and support Indian companies in their expeditions overseas in their pursuit to have a global footprint. The Bank has been proactive in pursuing the Government's policy business with the objective of creating socio-economic impact in the borrowing countries, while generating employment locally. The Bank, I am certain, will continue to serve as the principal financial institution promoting India's international trade and investment, besides playing the role of goodwill ambassador for India in foreign territories.



David Rasquinha

MANAGEMENT



Sitting from left to right- Sudatta Mandal, Samuel Joseph, Prahalathan Iyer, Harsha Bangari, Sangeeta Sharma,
David Rasquinha, Debasish Mallick, Rima Marphatia, Sunita Sindwani, Nadeem Panjetan,
David Sinate, C. P. Ravindranath Menon

Standing from left to right- Gaurav Bhandari, Vikramaditya Ugra, Dharmendra Sachan, Sriram Subramaniam, Manjiri Bhalerao,
Deepali Agrawal, Meena Verma, Tarun Sharma, Sujeet Bhale, T. D. Sivakumar, Utpal Gokhale,
P. J. Manjunaath



**ECONOMIC
ENVIRONMENT**

GLOBAL ECONOMY

According to the International Monetary Fund, the year 2017 marked the strongest global growth rate since 2011, at 3.8 per cent, as compared to 3.2 per cent in 2016, owing to a notable rebound in global trade, driven by recovery in investments in the advanced economies, coupled with continued strong growth in emerging Asia and a notable upswing in emerging Europe. Among the advanced economies, growth in 2017 was notably higher in Canada, South Korea, Singapore, Hong Kong, Germany, and the United States. Emerging market and developing economies, including China, Bangladesh, India and ASEAN-4 (Malaysia, Myanmar, Thailand, Vietnam) also witnessed stronger upsurges in output growth, while other emerging economies such as Brazil, Argentina, Russia, and Nigeria witnessed a rebound to positive growth rates in 2017.

WORLD TRADE

Global trade growth (goods and services), in volume terms, is estimated to have more than doubled to 4.9 per cent in 2017, up from 2.3 per cent in 2016, after two consecutive years of decline, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia. The world trade prices of non-fuel commodities have grown by 6.8 per cent year-on-year in 2017, a five-fold increase as compared to negative growth of 1.5 per cent in 2016, owing to stronger demand for metals from China, tight supply conditions for food, and a general pickup in global demand. On the other hand, the extension of the OPEC+ agreement to limit oil production has led to a multi-fold increase in world oil prices by 23.3 per cent year-on-year in 2017, as compared to negative growth 15.7 per cent in 2016.

PRIVATE CAPITAL FLOWS IN EMERGING MARKET ECONOMIES

Net private capital inflows to emerging markets increased by more than 50 per cent to reach US\$ 1.2 trillion in 2017, from US\$ 795 billion in 2016, mainly driven by a strong pickup in portfolio debt flows, on the back of favourable global financial conditions and synchronised global growth.

CURRENT ACCOUNT BALANCE OF EMERGING MARKET ECONOMIES

The current account surplus for 2017 is estimated to have decreased to US\$ 172 billion, from US\$ 197 billion in the previous year, marking two consecutive years of falling surplus, owing to increased current account deficits in Turkey and India as compared to the previous year.

EXTERNAL DEBT IN EMERGING MARKET ECONOMIES

External debt of emerging market economies increased by 13.8 per cent to US\$ 63.4 trillion in 2017, as compared to US\$ 55.7 trillion in 2016, mainly driven by increase in government indebtedness as well as household indebtedness in these economies.

INDIAN ECONOMY

Continued stress in the corporate sector and weak capacity utilisation in the Indian economy resulted in sluggish investment growth during FY 2017-18. Accordingly, as per the Central Statistics office, real GDP growth moderated to 6.7 per cent during the year vis-a-vis 7.1 per cent in the previous year. Growth in FY 2017-18 was mainly sustained by pick up in activities in sub-sectors such as construction, trade, hotel, transport, communication and services related to broadcasting, and financial, real estate and professional services, and sustained high growth of public administration, defence and other services.

Agriculture

The agricultural sector is estimated to have grown at 3.4 per cent in its real gross value added (GVA) in FY 2017-18, as compared to 6.3 per cent in the previous year. In fact, food grains production had registered a modest growth of 1.6 per cent compared to 9.4 per cent in the previous agriculture year due to the high base effect. Accordingly, sectoral share of agriculture and allied sectors in GDP, declined to 17.1 per cent in FY 2017-18, from 17.9 per cent in the previous year.

Industry

The industrial sector growth moderated to 5.5 per cent in FY 2017-18 compared to 6.8 per cent in the previous year, reflecting significant slowdown in mining and quarrying activities, and moderation in the growth of manufacturing activities, electricity, gas and water supply. There was, however, a pick-up in construction activity, which witnessed a higher growth of 5.7 per cent, up from 1.3 per cent in the preceding year. The share of industrial sector witnessed a marginal decline from 29.3 per cent in FY 2016-17 to 29.1 per cent in FY 2017-18. Similarly, index of industrial production (IIP) growth also moderated to 4.3 per cent during FY 2017-18 as compared to 4.6 per cent in FY 2016-17, due to sluggish growth in mining and electricity. Eleven out of the twenty three industry groups in the manufacturing sector have shown negative growth during this period vis-a-vis the corresponding period of the previous year. Output of tobacco products and electrical equipment witnessed the largest contraction during this period.

According to the user-based classification of the IIP, moderation in growth was witnessed among primary goods, intermediate goods, and consumer durables at 3.7 per cent, 2.2 per cent and 0.6 per cent respectively, in FY 2017-18. On the other hand, capital goods and infrastructure/construction goods registered a growth of 3.9 per cent and 5.6 per cent compared to 3.2 per cent and 3.9 per cent respectively, during FY 2016-17.

Services

The services sector witnessed significant pick up in its growth, which increased to 7.9 per cent in FY 2017-18 compared to 7.5 per cent in the previous year. Services growth was mainly driven by improved growth in hotels, transport, communication and services related to broadcasting, which increased from 7.2 per cent in FY 2016-17 to 8.0 per cent in FY 2017-18. Growth in financial, real estate and professional services increased from 6.0 per cent to 6.6 per cent, during the same period. Public administration, defence and other services, continued to witness high growth of 10.0 per cent

in FY 2017-18, though moderately lower compared to 10.7 per cent witnessed in the previous year. The share of services sector in GDP stood higher at 53.8 per cent in FY 2017-18, compared to 52.8 per cent in the previous year.

Infrastructure

The eight core infrastructure supportive industries viz., coal, crude oil, natural gas, petroleum refinery products, fertilisers, steel, cement and electricity comprise nearly 40.3 per cent of the weight of items included in the IIP. These eight industries saw a cumulative growth of 4.3 per cent during FY 2017-18, decreasing from 4.8 per cent in the preceding year. During FY 2017-18, growth in the steel industry moderated to 5.6 per cent compared to 10.7 per cent during FY 2016-17, followed by refinery products at 4.6 per cent declining from 4.9 per cent and electricity at 5.3 per cent declining from 5.8 per cent in the previous year. Natural gas and cement registered an increase in growth of 2.9 per cent and 6.3 per cent during FY 2017-18 compared to a negative growth of 1.0 per cent and 1.2 per cent, respectively. Sectors like crude oil contracted by 0.9 per cent and fertilisers remained stagnant during the same period.

Inflation

The headline inflation, based on the consumer price index (CPI) stood at 3.6 per cent during FY 2017-18, compared to 4.5 per cent in the last year. The fall was associated with the moderation in food prices during the year, which was mainly due to good monsoons. Core CPI inflation, which excludes food and fuel groups, remained sticky. The average inflation based on WPI, which was at 1.7 per cent in FY 2016-17, picked up by 2.9 per cent during FY 2017-18. This trend is on the back of rising global commodity and energy prices.

Capital Markets

India's Net Foreign Direct Investment (FDI), during FY 2017-18 stood lower at US\$ 31.1 billion as against US\$ 35.6 billion in the previous year. Net portfolio investment during FY 2017-18, on the other hand, increased

significantly to US\$ 22.1 billion, compared with US\$ 7.6 billion in the last year.

Foreign Trade and Balance of Payments

India's merchandise exports stood higher at US\$ 303.3 billion during FY 2017-18, witnessing a growth of 9.9 per cent over the previous year. Exports, mainly non-oil, have now grown for two consecutive years. At the same time, India's imports also increased to US\$ 464.7 billion during FY 2017-18, witnessing a growth of 20.9 per cent over the previous year.

Export of petroleum and petroleum products increased by 18.5 per cent to US\$ 37.4 billion during FY 2017-18, whereas non-oil exports witnessed a growth of 8.7 per cent in the same period. Commodities such as agriculture and allied products, marine products, chemicals & related products, base metals, machinery, and petroleum and its products made significant improvements in terms of export growth. India's import of petroleum and its products (mainly crude) stood at US\$ 108.6 billion, during FY 2017-18, registering a growth of 24.9 per cent, over the last year. Non-

oil imports stood higher at US\$ 356.1 billion during FY 2017-18, registering an increase of 19.7 per cent over the last year. Import of gems & jewellery, electronic items, chemicals and related products, machinery and ores & minerals were the major items that registered significant increase in the non-oil import category.

Overall, India's trade deficit widened to US\$ 161.4 billion during FY 2017-18, as compared to US\$ 108 billion in the last year. India's services exports increased by 19.6 per cent to US\$ 195.1 billion during FY 2017-18, as compared to US\$ 163.1 billion in the preceding year. Software services exports in FY 2017-18 rose to US\$ 77.3 billion, compared to US\$ 73.7 billion in the last year. During the same period, net inflows under the capital and financial account increased from US\$ 14.8 billion to US\$ 47.8 billion.

India's foreign exchange reserves increased to US\$ 424.4 billion as at end March 2018, from US\$ 370 billion as at end March 2017. At the same time, external debt also witnessed an increase, to US\$ 529.7 billion as at end of March 2018 from US\$ 471.3 billion in March 2017.

MAJOR POLICY CHANGES DURING FY 2017-18

Monetary Policy

- The Repo rate was reduced, from 6.25 per cent as on March 2017 to 6.00 per cent as on March 2018. The Reverse repo rate stands adjusted at 5.75 per cent as on March 2018, while the marginal standing facility rate and the Bank Rate were reduced to 6.25 per cent, each.
- The Statutory Liquidity Ratio was also reduced in a phased manner from 20.50 per cent to 19.50 per cent as on March 2018.

Trade Policy

- Under the revised FTP 2015-2020, after the mid-term review in December 2017, Merchandise Exports from India Scheme (MEIS) incentives for two sub-sectors of textiles, namely readymade garments and made-ups was hiked from 2% to 4%. Existing MEIS incentives for exports by MSMEs/labour intensive industries, which include sectors like leather, agriculture, hand tools, marine products, electronic and telecom components, among others, were increased by 2%.
- To provide an impetus to services trade, the Services Exports from India (SEIS) incentive was increased by 2% for notified services like Business, Legal, Accounting, Architecture, Engineering, Education, Hospitals, Hotels and Restaurants.
- The validity period of the Duty Credit Scrips has increased from 18 months to 24 months to enhance their utility under the GST framework. GST rates for transfer/sale of scrips has been reduced to zero from earlier rate of 12%.
- A new scheme of Self-Assessment based duty free procurement of inputs required for exports has been introduced. There will be no need of Standard Input Output Norms in such cases and this will eliminate delays. It is based on trust. Exporters will self-certify the requirement of duty free raw materials/inputs. The scheme would initially be available to the Authorized Economic Operators (AEOs) and will get expanded as more exporters join the AEO program. The scheme will improve ease of doing business.
- Contact@DGFT service has been launched on the DGFT website (www.dgft.gov.in) as a single window contact point for exporters and importers for resolving all foreign trade related issues and also to give suggestions. Exporters/Importers can track status of their queries through the assigned reference number. Feedback mechanism has also been provided.
- A new Logistics Division has been created in the Department of Commerce to develop and coordinate integrated development of the logistics sector, by way of policy changes, improvement in existing procedures, identification of bottlenecks and gaps, and introduction of technology based interventions in this sector. These steps would improve India's ranking in the Logistics Performance Index and promote exports and enhanced growth.
- To focus on improving Ease of Trading across Borders for exporters and importers, a professional team was constituted to handhold, assist and support exporters with their export related problems, accessing export markets and meeting regulatory requirements.
- A negative list of capital goods which are not permitted under the Export Promotion on Capital Goods (EPCG) scheme has been notified.
- The concept of Domestic Tariff Area (DTA) sale from Export Oriented Units (EoUs) on concessional and full duty has been removed and hence, the limit on entitlement of DTA

sale has also been removed. Consequently, restriction on DTA sale of motor cars, alcoholic liquors, books and tea has been removed.

- Restrictions removed on import of second hand goods imported for the purpose of repair/refurbishing/re-conditioning or re-engineering to facilitate generation of employment in the repair services sector.
- Issue of working capital blockage of the exporters due to upfront payment of GST on inputs has been addressed. Under advance authorisation EPCG Scheme, 100% EoUs, exporters have been extended the benefit of sourcing inputs/capital goods from abroad as well as domestic suppliers for exports without upfront payment of GST.
- Special package for employment generation in leather and footwear sector was introduced for implementation of Central Sector Scheme “Indian Footwear, Leather & Accessories Development Programme” with an approved expenditure of ₹ 26 billion over the three years from FY 2017-18 to FY 2019-20. The scheme would lead to development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. The Special Package has the potential to generate 0.324 million new jobs in 3 years and assist in formalisation of 0.20 million jobs as cumulative impact in Footwear, Leather & Accessories Sector.
- Custom Duty has been increased in the Union Budget of FY 2018-19 in certain sectors which have substantial potential for domestic value addition like food processing, electronics, auto components, footwear and furniture. This would give a boost to domestic value addition (Make

in India) and therefore promote value-added exports.

Investment Policy

- According to the FDI Policy of August 2017, more than 90% of the total FDI inflows are now through the automatic route.
- The Foreign Investment Promotion Board (FIPB) has successfully implemented e-filing and online processing of FDI applications. The most significant amendment to the FDI regime has been the institutional change brought by notification dated June 5th, 2017 issued by the Department of Economic Affairs confirming the abolition of the FIPB (the erstwhile government body authorised to approve proposals for FDI requiring government approval); and the introduction of the ‘Foreign Investment Facilitation Portal’, an administrative body to facilitate FDI applicants.
- E-Commerce: 100% FDI in B2B e-commerce, Single brand retail trading entity permitted for B2C e-commerce and e-commerce food retailing.
- Retail: 100% FDI and 49% under automatic route is allowed. In case of ‘state-of-art’ and ‘cutting-edge technology’ sourcing norms can be relaxed subject to Government approval. 100% FDI under government approval route was allowed for retail trading, including through e-commerce and also food products manufactured and/or produced in India. Sourcing norms applicable for FDI in Single Brand Retailing were relaxed and will not be applicable up to three years from commencement of the business.
- Civil Aviation: 100% FDI allowed under automatic route in both Greenfield and Brownfield Projects.

WORLD OUTPUT, TRADE & WORLD TRADE PRICES

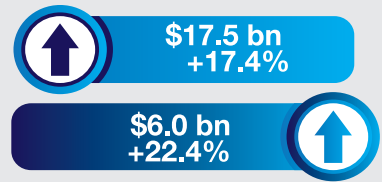
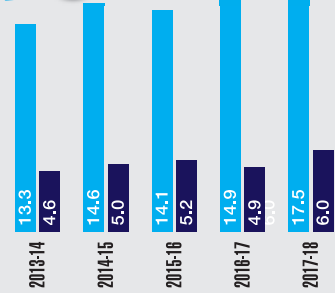
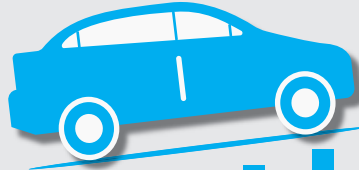
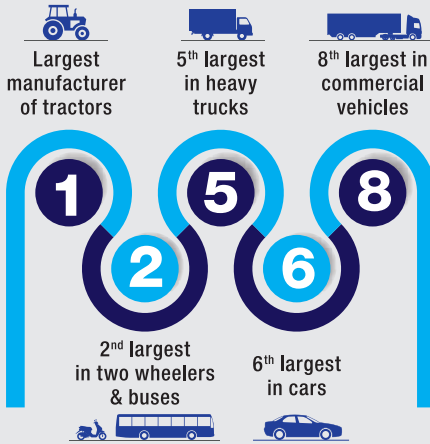
	2011	2012	2013	2014	2015	2016	2017	2018 (P)	2019 (P)
I. World Output (real GDPs, % change)	4.3	3.5	3.5	3.6	3.5	3.2	3.8	3.9	3.9
(A) Advanced Economies	1.7	1.2	1.3	2.1	2.3	1.7	2.3	2.5	2.2
United States	1.6	2.2	1.7	2.6	2.9	1.5	2.3	2.9	2.7
Canada	3.1	1.7	2.5	2.6	0.9	1.4	3.0	2.1	2.0
Euro Area	1.6	-0.9	-0.2	1.3	2.0	1.8	2.3	2.4	2.0
UK	1.5	1.3	1.9	3.1	2.2	1.9	1.8	1.6	1.5
Japan	-0.1	1.5	2.0	0.3	1.1	0.9	1.7	1.2	0.9
(B) Emerging & Developing Economies	6.4	5.4	5.1	4.7	4.3	4.4	4.8	4.9	5.1
Emerging and Developing Asia	7.9	7.0	6.9	6.8	6.8	6.5	6.5	6.5	6.6
China	9.5	7.9	7.8	7.3	6.9	6.7	6.9	6.6	6.4
India	6.6	5.5	6.4	7.4	8.2	7.1	6.7	7.4	7.8
Latin America and the Caribbean	4.7	3.0	2.9	1.2	0.1	-0.6	1.3	2.0	2.8
Middle East and North Africa	4.6	5.3	2.5	2.6	2.6	4.9	2.6	3.4	3.7
Sub-Saharan Africa	5.0	4.3	5.3	5.1	3.4	1.4	2.8	3.4	3.7
CIS Countries	5.3	3.6	2.5	1.1	-2.2	0.4	2.1	2.2	2.1
Russia	5.1	3.7	1.8	0.7	-2.8	-0.2	1.5	1.7	1.5
Emerging and Developing Europe	6.5	2.4	4.9	3.9	4.7	3.2	5.8	4.3	3.7
II. World Merchandise Trade (Vol. Gr. %)	7.0	2.3	3.3	3.1	2.2	2.2	5.4	5.3	4.8
<i>Global Merchandise Exports (US\$ billion)</i>	17,931	18,135	18,549	18,635	16,223	15,757	17,422	19,474	20,515
III. World Trade Prices (US\$, % change)									
Manufactures	4.2	2.8	-3.0	-0.4	-2.3	-5.2	1.4	1.9	1.3
Oil	31.6	1.0	-0.9	-7.5	-47.2	-15.7	23.3	18.0	-6.5
Non-fuel primary commodities	18.0	-10.1	-1.4	-3.9	-17.5	-1.5	6.8	5.6	0.5

Note: P = Projections

Source: IMF, World Economic Outlook (WEO) April 2018.

PERFORMANCE OF SELECT SECTORS

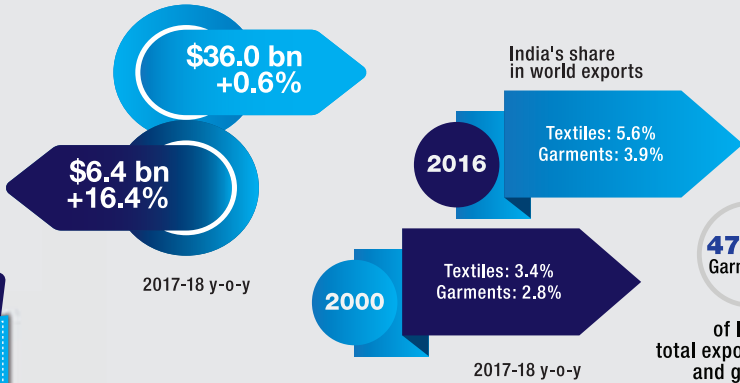
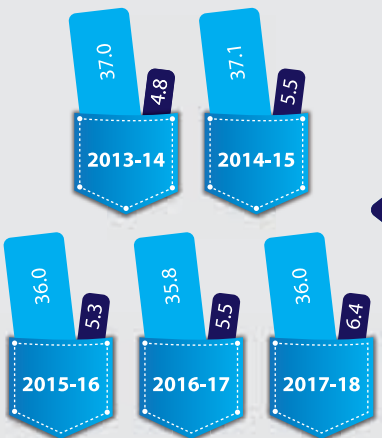
AUTOMOTIVE PRODUCTS



2017-18 y-o-y

7.1% of India's GDP

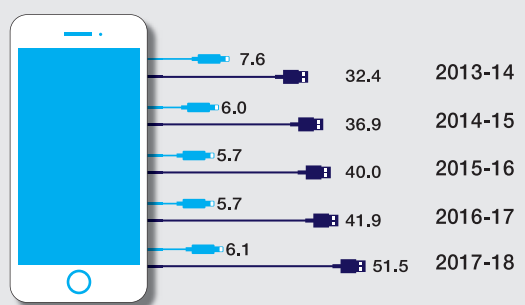
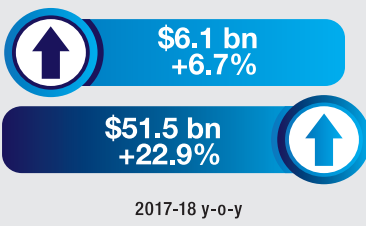
TEXTILE AND GARMENTS



47.7% of India's total exports of textile and garments

- India is world's largest cotton and jute producer
- 2nd largest textile & garments exporter
- 2nd largest textile manufacturing capacity

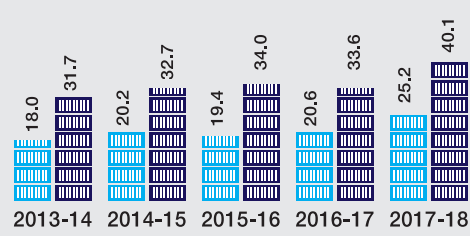
ELECTRONICS



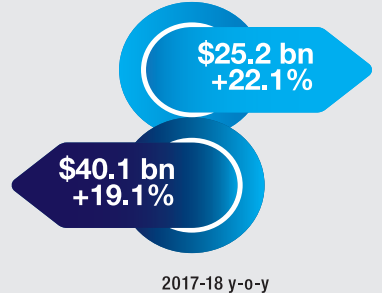
2020 The electronics market of India is anticipated to reach US\$ 400 billion

60.2% of India's total imports of electronic goods is from China

CAPITAL GOODS



4.4% Increase in the index of industrial production of capital goods during 2017-18



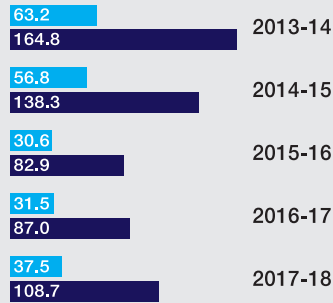
PERFORMANCE OF SELECT SECTORS

PETROLEUM (CRUDE AND PRODUCTS)

\$37.5 bn
+18.7%

\$108.7 bn
+24.9%

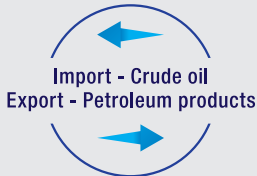
2017-18 y-o-y



635 million metric tonnes of proven oil reserves

54 trillion cubic feet of proven natural gas reserves

96 trillion cubic feet of estimated shale gas reserves



Import content in oil & gas sector (Approx range)

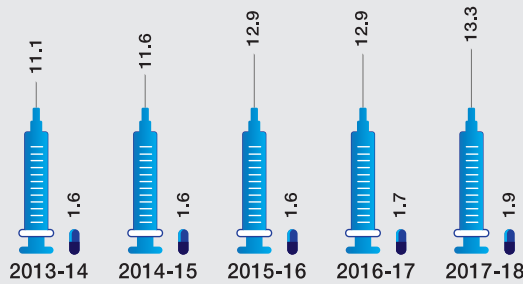
15% - Refinery
67% - Upstream segment

PHARMACEUTICAL PRODUCTS



4.4% of India's total exports

12 12th largest exporter in 2017, with a share of 1.8% in global exports



\$13.3 bn
+2.5%

\$1.9 bn
+10.5%

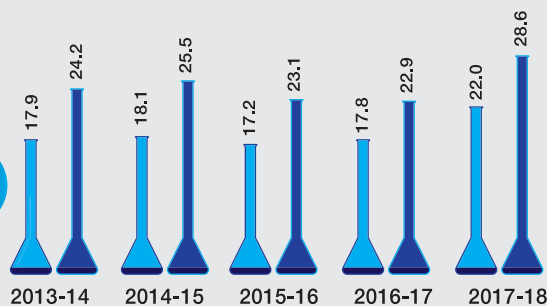
2017-18 y-o-y

CHEMICAL AND RELATED PRODUCTS

\$22.0 bn
+24.0%

\$28.6 bn
+24.9%

2017-18 y-o-y



3 3rd largest producer of chemicals in Asia

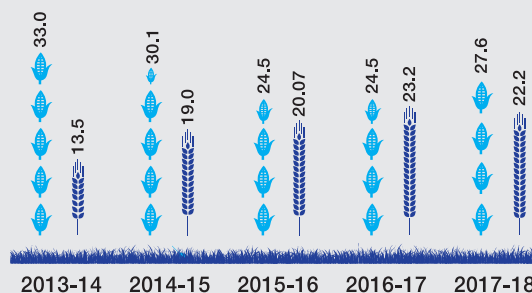
7th largest in the world

67.3% of India's total exports of chemicals & related products

AGRI AND ALLIED PRODUCTS



9.1% of India's total exports



\$27.6 bn
+12.4%

\$22.2 bn
-4.3%

2017-18 y-o-y

STATISTICAL SNAPSHOT OF THE INDIAN ECONOMY

INDICATORS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
GDP (at current prices, US\$ billion)	1708.5	1874.3	1863.6	1919.4	2043.3	2147.2	2271.0 ^e	2585.0 ^f
GDP Per capita (US\$)	1411.7	1502.7	1475.5	1501.2	1579.2	1640.3	1714.2	1929.0 ^f
Real GDP Growth (%)	8.9	6.7	5.5**	6.4**	7.5**	8.0**	7.1 ^{re**}	6.7 ^{re}
<i>Agriculture & allied activities</i>	8.6	5.0	1.5**	5.6**	-0.2**	0.7**	4.9 ^{re**}	3.4 ^{re}
<i>Industry</i>	7.6	7.8	3.3**	3.8**	7.5**	8.8**	5.6 ^{re**}	5.5 ^{re}
<i>Services</i>	9.7	6.6	8.3**	7.7**	9.7**	9.7**	7.7 ^{re**}	7.9 ^{re}
Sectoral Share in GDP (%)								
<i>Agriculture & allied activities</i>	14.6	18.5**	18.3**	18.6**	18.0**	17.5**	17.4 ^{re**}	17.1 ^{re}
<i>Industry</i>	27.9	32.5**	31.7**	30.8**	30.2**	29.6**	28.8 ^{re**}	29.1 ^{re}
<i>Services</i>	57.5	49.0**	50.0**	50.6**	51.8**	52.9**	53.8 ^{re**}	53.8 ^{re}
Population (million)	1210.2	1247.24	1263.1	1278.6	1293.9	1309.1	1324.8	1340.1 ^f
Inflation rate (CPI, annual avg. %)	10.4	8.3	10.1**	9.3**	5.8**	4.9**	4.5**	3.6**
Inflation rate (WPI, annual avg. %)	9.6	8.9	6.9**	5.2**	1.3**	-3.7**	1.7**	2.9**
Gross Fiscal Deficit (% of GDP)	4.8	5.9	4.9	4.5	4.1	3.9	3.5 ^e	3.5 ^e
Exchange Rate (₹/US\$, avg.)	45.6	47.9	54.4	60.5	61.1	65.5	67.1	64.4
Exchange Rate (₹/€, avg.)	60.2	65.9	70.1	81.2	77.5	72.3	73.6	72.1
Exports (US\$ billion)	249.8	306.0	300.4	314.4	310.3	262.3	276.3	303.3
% change	39.8	22.5	-1.8	4.7	-1.3	-15.5	5.3	9.9 ^e
Oil Exports (US\$ billion)	36.4	56.7	60.9	63.2	56.7	30.6	31.7	37.4
% change	29.0	55.9	7.3	3.8	-10.2	-46.1	3.7	18.5 ^e
Non-oil Exports (US\$ billion)	213.4	249.2	239.5	251.2	253.6	231.7	244.6	265.4
% change	41.8	16.8	-3.9	4.9	0.9	-8.6	5.5	8.5 ^e
Imports (US\$ billion)	369.8	489.3	490.7	450.2	448.0	381.0	384.3	464.7
% change	28.2	32.3	0.3	-8.3	-0.5	-15.0	0.9	20.9 ^e
Oil Imports (US\$ billion)	106.0	155.0	164.0	164.8	138.3	82.9	86.9	108.6
% change	21.6	46.2	5.9	0.4	-16.0	-40.0	4.8	24.9 ^e
Non-oil Imports (US\$ billion)	263.8	334.3	326.7	285.4	309.7	298.1	297.4	356.1
% change	31.1	26.7	-2.3	-12.6	8.5	-3.8	-0.2	19.7 ^e
Trade Balance (US\$ billion)	-120.0	-183.3	-190.3	-135.8	-137.7	-118.7	-108.0	-161.4
Services Exports (US\$ billion)	124.6	140.9	145.7	151.8	158.1	154.3	163.1	195.1
Software Exports (US\$ billion)	53.1	62.2	65.9	69.4	73.1	74.2	73.7	77.3
Services Imports (US\$ billion)	80.6	76.9	80.8	78.7	81.6	84.6	95.7	117.5
Services Balance (US\$ billion)	44.0	64.0	64.9	73.1	76.5	69.7	67.4	77.6
Current Account Balance (US\$ billion)	-47.9	-78.2	-87.8	-32.4	-26.8	-22.1	-15.2	-48.7
CAB as percentage of GDP (%)	-2.8	-4.2	-4.8	-1.7	-1.3	-1.1	-0.7	-1.9
Forex Reserves (US\$ billion)	304.8	294.4	292.0	304.2	341.6	360.2	370.0	424.4
External Debt (US\$ billion)	317.9	360.8	409.4	446.2	474.7	485.0	471.9	529.7
External Debt to GDP Ratio (%)	18.2	20.5	22.3	23.9	23.2	23.5	20.2	20.5
Short Term Debt (US\$ billion)	65.0	78.2	96.7	91.7	85.5	83.4	88.0	102.2
Short Term Debt/Total Debt (%)	20.4	21.7	23.6	20.5	18.0	17.2	18.6	19.3
Total Debt Service Ratio (%)	4.4	6.0	5.9	5.9	7.6	8.8	8.3	7.5
FDI (US\$ billion)	36.0	46.6	34.3	36.0	45.1	55.6	60.2	61.0
GDRs/ADRs (US\$ billion)	2.0	0.6	0.2	0.02	1.3	0.4	-	-
FII (net) (US\$ billion)	29.4	16.8	27.6	5.0	40.9	-4.0	7.8	22.1
FDI Outflows (US\$ billion)	17.2	10.9	7.1	9.2	4.0	8.9	6.6	9.3
Memo Items	2011	2012	2013	2014	2015	2016	2017 ^f	2018 ^f
Global GDP (% change)	4.3	3.5	3.5	3.6	3.4	3.2	3.7	3.9
Advanced Economies	1.7	1.2	1.3	2.1	2.2	1.7	2.3	2.5
Emerging and Developing Economies	6.4	5.4	5.1	4.7	4.3	4.4	4.7	4.9
World Merch. Trade (Vol., % change)	7.0	2.3	3.3	3.1	2.3	2.3	4.3	5.3
World Merch. Exports (US\$ trillion)	17.9	18.1	18.5	18.6	16.2	15.8	17.1	19.5
Growth in Value of World Merch. Exports (%)	20.2	1.0	2.1	0.5	-12.9	-2.3	8.2	14.0

Note: ^e - GOI's estimates; ^{re} - EAC, GOI's revised estimates; ^f - IIF Estimates - Not Available; [^] - % change is over corresponding period of the previous year; ** - Data as per the revised base year 2011-12.

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



**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, 2018.

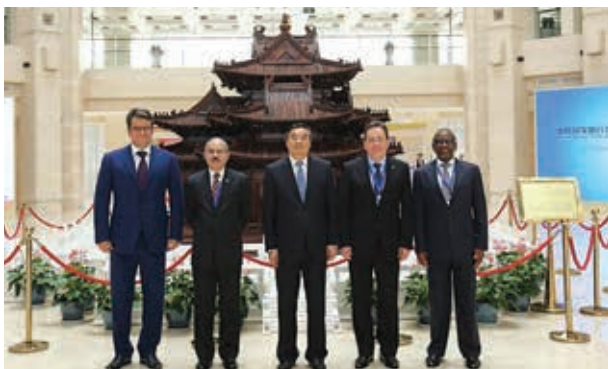
REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Loan Assets

The Bank approved loans aggregating ₹ 978.26 billion under various lending programmes during FY 2017-18 as against ₹ 647.78 billion during FY 2016-17. Loan disbursements during FY 2017-18 were ₹ 685.35 billion as against ₹ 446.94 billion during FY 2016-17, while loan repayments during FY 2017-18 amounted to ₹ 598.35 billion, as against ₹ 371.14 billion in FY 2016-17. Net loan assets as of March 31, 2018, were ₹ 1,075.32 billion, registering an increase of 4.76 per cent over the previous year. Rupee loans and advances accounted for 28 per cent of the net loan assets as on March 31, 2018, while the balance 72 per cent were in foreign currency. Short-term loans accounted for 25 per cent of the net loans and advances as on March 31, 2018.

Non-Funded Facilities

During the year, the Bank sanctioned non-funded facilities aggregating ₹ 107.81 billion as against ₹ 61.15 billion in FY 2016-17, comprising project guarantees, financial guarantees and Letters of Credit. The Bank's aggregate non-funded portfolio, comprising Guarantees, Letters of Credit and Standby Letters of Credit, as of March 31, 2018, stood at ₹ 132.40 billion as against ₹ 122.31 billion as of March 31, 2017, representing a growth of 8.25 per cent. Guarantees issued during



Heads of the member development banks at the BRICS Interbank Cooperation Mechanism meeting held at Beijing, China.

FY 2017-18 amounted to ₹ 53.80 billion as against ₹ 45.13 billion in FY 2016-17. Letters of Credit issued during FY 2017-18 amounted to ₹ 2.07 billion as against ₹ 7.49 billion in FY 2016-17. Guarantees in the books of the Bank as of March 31, 2018, were ₹ 128.36 billion as against ₹ 112.36 billion as of March 31, 2017, and Letters of Credit as of March 31, 2018, amounted to ₹ 4.04 billion as against ₹ 9.95 billion as of March 31, 2017.

Income/Expenditure

The Bank registered loss before tax of ₹ 42.30 billion on account of the General Fund during FY 2017-18, as against a profit of ₹ 3.13 billion for the FY 2016-17. After providing for income tax of ₹ 13.06 billion, loss after tax amounted to ₹ 29.24 billion during FY 2017-18, as against profit after tax of ₹ 0.41 billion during FY 2016-17.

Profit before tax of the Export Development Fund during 2017-18 was ₹ 114.55 million as against ₹ 101.67 million during FY 2016-17. After providing for tax of ₹ 39.64 million, the post-tax profit amounted to ₹ 74.90 million as against ₹ 66.49 million during FY 2016-17. The profit of ₹ 74.90 million is carried forward to next year.

Business income including interest on loans, exchange, commission, brokerage and fees, etc. during FY 2017-18 was ₹ 56.56 billion, as compared to ₹ 59.14 billion in FY 2016-17. Investment income, interest on bank deposits, etc. during FY 2017-18 was ₹ 31.23 billion, as compared to ₹ 33.21 billion in FY 2016-17. Interest expenses in FY 2017-18 at ₹ 66.40 billion were higher by ₹ 0.75 billion mainly due to the increase in borrowings. Administrative expenses as a per



Construction of 225 kV transmission lines in different regions of Senegal being executed by Kalpataru Power Transmission Ltd. and financed through Buyer's Credit from Exim Bank.



Exchange of the Facility Agreement of US\$ 1.60 billion for 1320 MW Maitree super thermal power project in Bangladesh.

cent of total expenses (excluding provisions for contingencies) worked out to 2.75 per cent during FY 2017-18 as against 2.56 per cent during FY 2016-17.

Borrowings

Total borrowings of the Bank were ₹ 1,041.65 billion as on March 31, 2018, higher by 8.42 per cent compared to total borrowings of ₹ 960.73 billion as on March 31, 2017.

Resources

During the year, the Bank received capital of ₹ 5 billion from the Government of India. As on March 31, 2018, the Bank's total Resources including paid-up capital of ₹ 73.59 billion and reserves of ₹ 22.41 billion aggregated ₹ 1,137.65 billion. Exim Bank's Resource base inter-alia includes Rupee Bonds, Certificates of Deposit, Commercial Papers, Term Deposits, FC Bonds, FC Loans and long-term swaps. During the year, the Bank raised borrowings of varying maturities (excluding raised and repaid during the year) aggregating ₹ 399.15 billion comprising Rupee Resources of ₹ 186.70 billion and foreign currency resources of US\$ 3.26 billion equivalent. Foreign currency resources aggregating US\$ 2.83 billion equivalent were raised through bonds, bilateral / club / syndicated loans and US\$ 0.43 billion by way of Buy-Sell swaps (excluding raised and repaid during the year). As on March 31, 2018, the Bank had a pool of foreign currency resources equivalent to US\$ 12.84 billion and outstanding Rupee Resources of ₹ 482 billion. Market borrowings as on March 31, 2018, constituted 100 per cent of the total borrowings and 92 per cent of the total resources of the Bank.



Line of Credit agreement signed for US\$ 71.40 million for upgradation of four military hospitals in Cote d'Ivoire.

Foreign Currency Resources

During FY 2017-18, the Bank raised foreign currency resources aggregating US\$ 3.26 billion. The Bank successfully raised a 5-year Reg S floating rate Formosa Bond of US\$ 400 million in August 2017. The bond issue was the largest Formosa issuance out of India and first Formosa transaction by an Indian financial institution. In January 2018, the Bank successfully priced a 10-year Bond issue of US\$ 1 billion, its second transaction in the 144A/Reg S format. The issue attracted a total order book in excess of US\$ 1.8 billion from over 100 high-quality global investors. The Bond issue achieved the tightest ever spread over US Treasury for an Indian entity for a 10-year issuance. The issue has also set a benchmark for other Indian issuers to access the 144A/RegS markets. So far, the Bank has raised foreign currency resources in diverse currencies including Australian Dollars, Euros, Great Britain Pounds, Japanese Yen, Mexican Peso, Offshore Renminbi, Singapore Dollars, South African Rands, Swiss Francs, Turkish Lira and United States Dollars.

International and Domestic Rating

The Bank is rated Baa2 (Stable) by Moody's, BBB- (Stable) by Standard and Poor, BBB- (Stable) by Fitch Ratings and BBB+ (Stable) by Japan Credit Rating Agency (JCRA). During the year, Moody's upgraded the rating to Baa2 from Baa3, consequent to upgrade of Government of India's issuer rating. All the above ratings are of investment grade or above and are at par with the sovereign rating. The Bank's domestic debt instruments continued to enjoy the highest rating viz., 'AAA' from the rating agencies, CRISIL, ICRA and CARE for long term instruments and A1+ from the rating agencies CRISIL, ICRA and CARE for short term instruments.

Asset Quality

As per the Reserve Bank of India (RBI) prudential norms for Financial Institutions, a credit / loan facility in respect of which interest and/or principal has remained overdue for more than 90 days, is defined as a Non Performing Asset (NPA). The Bank's gross NPAs at ₹ 119.76 billion worked out to 10.37 per cent of the total loans and advances as of March 31, 2018. The Bank's NPAs (net of provisions) of ₹ 40.28 billion as on March 31, 2018, were at 3.75 per cent of the net loans and advances (net of provisions) as on March 31, 2018. The Provision Coverage Ratio (PCR) as on March 31, 2018, was 71.26 per cent.

Asset Classification

'Non Performing Assets' are those where interest and/or principal remains overdue for more than 90 days. Sub-standard assets that have remained as NPAs for a period exceeding 12 months are classified as 'doubtful assets.' 'Loss assets' are those considered uncollectable. The gross NPAs as on March 31, 2018, comprised sub-standard assets of 24.96 per cent, and doubtful assets of 75.04 per cent. The net NPAs as on March 31, 2018, comprised sub-standard assets of 56.59 per cent, and doubtful assets of 43.41 per cent. The Bank did not have any loss assets as on March 31, 2018.

Capital Adequacy

The Capital to Risk Assets Ratio (CRAR) was 10.35 per cent as on March 31, 2018, as compared to 15.81 per cent as on March 31, 2017, as against a minimum 9 per cent norm stipulated by RBI. The Debt-Equity Ratio as on March 31, 2018 was 10.85 as compared to 7.99 as on March 31, 2017.



Signing of a Line of Credit agreement of US\$ 81 million for establishment of 10 vocational training centres in Rwanda.

Exposure Norms

RBI has prescribed credit exposure limits for all-India term lending institutions, at 15 per cent of the financial institutions' capital funds, effective from March 31, 2002, for exposure to individual borrowers and at 40 per cent for group borrowers. An additional exposure up to 5 per cent (i.e. a total exposure up to 20 per cent of capital funds of the financial institution for Single Borrowers and 45 per cent of capital funds for Borrower Groups) can be taken in exceptional circumstances, with the prior approval of the Board. The exposure ceilings for individual borrowers and borrower groups can be exceeded by an additional five percentage points (i.e. 5 per cent of total capital funds) and ten percentage points (i.e. 10 per cent of total capital funds) respectively (over and above the maximum limits of 20 per cent and 45 per cent, respectively), provided the additional credit exposure is on account of infrastructure projects in India. The Bank's credit exposures to single and group borrowers as on March 31, 2018, were within the limits stipulated by RBI. There were 2 borrowers as on March 31, 2018, for whom exposure over 15 per cent of capital funds was assumed with the approval of the Board. Exposure to these borrowers as on March 31, 2018, stood at 19.56 per cent and 16.91 per cent of the capital funds of the Bank respectively.

RBI has advised financial institutions to adopt internal limits on exposures to specific industry sectors so that the exposures are evenly spread over various sectors. The industry exposure limits adopted by the Bank for each industry sector are 15 per cent of the Bank's credit exposure to all industry sectors. The Bank's exposure to a single industry sector was not more than 15 per cent of its total exposure as on March 31, 2018.



Signing of Buyer's Credit agreement of US\$ 110 million under the National Export Insurance Account to the Government of Mauritania.



BUSINESS OPERATIONS

Exim Bank as a Financier of Exports

PROJECTS, PRODUCTS AND SERVICES EXPORTS

The Bank provides a range of export credit products like finance for export of projects and consultancy services, capital equipment finance, export project cash flow deficit finance, guarantees and letter of credits. The Bank is equipped to offer a comprehensive financing package to Indian project exporters including funded support and project related guarantee facilities.

Export Contracts

Some major project exports contracts supported by Exim Bank during the year included Design, supply, assembly, testing and commissioning of transmission lines in Mauritania, and Bangladesh by Kalpataru Power Transmission Ltd.; and in Afghanistan by KEC International Ltd.; design, manufacture, installation of raw water treatment plant and reverse osmosis for petroleum refinery and polypropylene plant in Nigeria by VA Tech Wabag Ltd.; and solar power project in Argentina by Sterling and Wilson Pvt. Ltd.

Export Credits and Guarantees

During the year, the Bank approved loans aggregating ₹ 35.11 billion by way of supplier's credit, buyer's credit and finance for Project Exports, as against ₹ 19.88 billion during the previous year. Disbursements amounting to ₹ 24.91 billion were made during the year, as compared to ₹ 20.09 billion during the previous year. Guarantees issued during the year amounted to ₹ 43.97 billion, as against ₹ 30.67 billion during the previous year. These guarantees mainly pertain to overseas projects in sectors such as power generation, transmission and distribution, infrastructure development, solar EPC, consultancy services, water purification, etc.



The 2nd Bhairab Bridge project was financed under a Line of Credit of US\$ 862 million to the Government of Bangladesh.



Exim Bank supported PT Armada Gema Nusantara, Indonesia by way of a Buyer's Credit facility of US\$ 71 million for the purchase of a Floating, Production, Storage and Offloading vessel constructed by Armada Madura EPC Ltd.

Buyer's Credit

Buyer's Credit is a programme under which the Bank facilitates Indian project exports by extending credit to overseas buyers for financing their imports from India. During FY 2017-18, the Bank extended Buyer's Credit facilities aggregating ₹ 80.49 billion to seven overseas companies in sectors such as oil and gas, metals, fertiliser, hydro, wind and peat-based power, transport vehicles, auto spare parts, agro-based products and commodities, steel wires and wire rods, etc. Disbursements under the Buyer's Credit programme aggregated ₹ 15.60 billion for exports to countries that include Indonesia, Thailand, UAE, the United States and more than 14 countries in Africa. During the year, Exim Bank has also extended a credit line of US\$ 125 million to the African Export-Import Bank and US\$ 75 million to the Eastern and Southern African Trade and Development Bank to facilitate export of goods and services from India. Exim Bank also participated in Trade Finance Facilitation Programme of Inter-American Development Bank (IADB) for supporting import of goods and services from India.

Buyer's Credit under the National Export Insurance Account

The Bank has laid strong emphasis on enhancing India's project exports, the funding options for which have been strengthened with the introduction of the Buyer's Credit under GOI's National Export Insurance Account (BC-NEIA) Programme. The Bank has sanctioned an aggregate amount of US\$ 2.83 billion, for twenty-four projects, valued at US\$ 3.04 billion, as on March 31, 2018, including a water treatment plant and distribution to reservoirs

project in Sri Lanka; integrated LPG storage facility at the Beira Port in Mozambique; supply of vehicles and spares to Cote d'Ivoire, Senegal, Tanzania and Zimbabwe; transmission line projects in Cameroon, Ethiopia, Mauritania, Senegal and Zambia; a railway line project in Ghana; road projects in Maldives and Zambia; and an irrigation project in Suriname. The Bank has also given in-principle commitments for an aggregate amount of US\$ 8.65 billion supporting 70 projects valued at US\$ 10.09 billion, under BC-NEIA at the behest of several leading Indian project exporters.

Lines of Credit

Exim Bank extends on behalf of GOI Lines of Credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries to source developmental and infrastructure projects, equipment, goods and services from India, on deferred credit terms. During the year, the Bank extended 12 LOCs, aggregating US\$ 6.11 billion, to support export of projects, goods and services from India. LOCs extended by Exim Bank during the year include LOCs to the ECOWAS Bank for Investment and Development and the Governments of Bangladesh, Cambodia, Cote d'Ivoire, Guyana, Madagascar, Mauritius, Rwanda, Sri Lanka and Zambia. The LOCs will finance and catalyse exports by financing projects such as upgradation of military hospitals, primary health centers, pre-fabricated health posts, establishment of vocational training centers, business incubation centres, water resources development, procurement of rolling stock for railways, up-gradation of railway tracks



Overseas Investment Finance to Indo-MIM Private Ltd., Bengaluru, a manufacturer of metal injection moulded parts, for equity investment in its 100% subsidiary, Indo-MIM Inc., Delaware, USA.



A portable water project for semi-urban and rural communities in Niger was executed under a Line of Credit of US\$ 25 million to the Government of Niger.

and various developmental and infrastructure projects. Exim Bank has built up a portfolio of 226 GOI LOCs spread across 62 countries, with credit commitments aggregating US\$ 21.87 billion, under which projects are at various stages of implementation.

Concessional Financing Scheme

Exim Bank has extended a term loan of US\$ 1.60 billion to the Bangladesh-India Friendship Power Company Pvt. Ltd. (a 50:50 joint venture between the Bangladesh Power Development Board, Bangladesh and NTPC Ltd., India) for financing the strategic 1320 MW (2*660 MW) ultra-super-critical Maitree Super Thermal Power Project on turnkey basis at Rampal, District-Bagerhat, Bangladesh. The contract was awarded to Bharat Heavy Electricals Ltd., following an International Competitive Bidding process. State-of-the-art technologies have been selected for this project to make it an environment friendly project. Once commissioned, the Maitree Super Thermal Power Project is expected to be one of the largest power plants in Bangladesh. The power plant is part of the Government of Bangladesh's plan for infrastructure development in the country, particularly in the power sector, augmenting the power generation capacity and reducing the current power deficit.

BUILDING EXPORT COMPETITIVENESS

The Bank operates a range of financing programmes aimed at enhancing the export competitiveness of Indian companies. During FY 2017-18, Exim Bank sanctioned loans aggregating ₹ 256.65 billion under programmes for enhancing export competitiveness. Disbursements amounted to ₹ 290.78 billion under these programmes.

Loans to Export Oriented Units

During the year, the Bank approved term loans of ₹ 31.94 billion to 41 export oriented units. Disbursements amounted to ₹ 35.42 billion. Under the Production Equipment Finance Programme, thirteen exporting companies were sanctioned ₹ 9.95 billion for financing acquisition of production equipment. Disbursements amounted to ₹ 4.87 billion. Thirteen companies were sanctioned long-term working capital loans aggregating ₹ 34.30 billion. Disbursements amounted to ₹ 28 billion.

Technology Upgradation Fund Scheme (TUFS)

Exim Bank is one of the nodal agencies appointed by the Ministry of Textiles, GOI, to establish and approve the eligibility of projects under TUFS, and release subsidy directly to the approved projects. As on March 31, 2018, the Bank has accorded approval for 229 projects with aggregate cost of ₹ 184.46 billion. Loans approved and disbursed aggregate ₹ 66.94 billion and ₹ 56.44 billion, respectively. The Bank's assistance under TUFS to the textile industry is spread across various segments in textile manufacturing and covers several states in India.

Overseas Investment Finance Programme

The Bank has a comprehensive programme covering equity finance, loans, guarantees and advisory services, to support Indian outward investment. During the year, 24 corporates were sanctioned

funded and non-funded assistance aggregating ₹ 43.77 billion for part financing their overseas investments in 16 countries. So far, Exim Bank has provided finance to 610 ventures set up by 462 companies in 78 countries. Overseas investments supported during the year include acquisition of a hospital in Cayman Islands, acquisition of business process outsourcing units in USA and Philippines and working capital facilities to an engineering company in Sweden, among others. Aggregate assistance extended towards overseas investment amounts to ₹ 572.90 billion covering various sectors including pharmaceuticals, home furnishings, readymade garments, construction, paper, paper products, textiles, garments, chemicals, dyes, computer software and IT, engineering goods, healthcare, natural resources (coal and forests), metal and metal processing, agriculture, agro-based products, steel, oil and gas.

STANDBY LETTERS OF CREDIT (SBLCs) / LETTERS OF CREDIT (LCs)

To facilitate the transactions of export-oriented units, the Bank issues LCs mainly for imports financed by the Bank. The Bank also extends financial guarantees/SBLCs to enable export-oriented units to raise funds for their overseas ventures. During the year, the Bank issued financial guarantees amounting to ₹ 3.00 billion. The Bank's financial guarantee portfolio stood at ₹ 19.75 billion as on March 31, 2018, as against ₹ 43.73 billion as on March 31, 2017.



A project for a 30 MLD water treatment plant and distribution to 9 reservoirs across Dambulla region in Central Sri Lanka being executed by VA Tech Wabag Ltd., is financed under the Bank's Buyer's Credit Programme.



BUSINESS OPERATIONS

Exim Bank as a Facilitator of Exports



Exim Bank supported placement of hand-embroidery, Kashmir craft, patchwork, submersible pump and metalware at several e-commerce companies.

GRASSROOTS INITIATIVES & DEVELOPMENT

The Bank, through its grassroots initiatives, envisages supporting globalisation of enterprises based out of rural India. The programme seeks to address the needs of the relatively disadvantaged sections of society while creating expanded opportunities for traditional craft-persons, artisans and rural entrepreneurs of the country. During the year, the Bank provided lending support to a Bengaluru based social enterprise that provides a digital marketplace for easy and transparent sourcing of natural fibre and craft products through an e-commerce platform, which enables co-operatives, community-based artisans and weavers to list and sell their produce online. During the year, the Bank also provided support to a social enterprise in Maharashtra that promotes beekeeping, to enhance income and improve livelihoods of marginal farmers in India. The intervention by the Bank is aimed at part financing the working capital requirements of the organisation, which provides direct market access to over 3,000 small beekeepers across six states of India.

During the year, the Bank, inter alia, continued its support for a Rajasthan based social enterprise, which works with nearly 3,500 artisans, most of whom come from some of the most disadvantaged communities, a social enterprise sourcing off-the-loom products from handlooms in Bhagalpur; a social enterprise in Punjab that works with around 5,000 women artisans for their empowerment and also for the revival of the languishing Phulkari art; a society based in Sri Kalahasthi, which is engaged in the production of wooden handicrafts and Kalamkari products.

The Bank has been supporting and assisting rural artisans and craftsmen of handicraft products to

gain domestic as well as international presence by organising skill building and training workshops. In this context, the Bank supported national level development support enterprise in Guwahati to organise a month-long product and design development training workshop for 20 master women weavers in Dimapur, Nagaland. The workshop provided self-employment to women weavers who have traditional weaving skills and helped them upgrade their existing skills to produce superior quality finished products. Two training workshops were conducted for weavers in Burdwan and Shantipur clusters of West Bengal to enable the weavers to increase their sales through digital platform and export channels and equip them with design and product development capabilities, based on market requirements. The Bank also supported the All India Artisans and Craftworkers Welfare Association to present a show on Craftmark at the Lakme Fashion Week in Mumbai. Prominent among the displayed products at the show was Lambani, a vanishing art form of tribal embroidery practised by Lambani women from Karnataka. The platform provided an opportunity for artisans to interact with high-end national and international designers and buyers.

A design and skill development training programme was organised with Sasha on Kantha embroidery for around 20 women artisans. The objective of this training programme was to develop products with new aesthetics and techniques. A training programme with Chitrika was organized for Mangalagiri weavers including 41 weavers and technicians for a period of three months, to upgrade weaving skills from traditional to contemporary methods, and also create limited edition collections.



Exim Bank facilitated exports of wooden panels, non-leather handbags and handwoven textiles to Australia, UK and USA respectively.

Exim Bank, in collaboration with Jaypore, organized a Block Printing training programme along with M/s Chogan Printers in Rajasthan. Master artisans including printers and dyers participated in the training, with an objective to tap the potential for product diversity and development of contemporary products. Upon completion of these training programmes, the products being developed will be displayed and sold via Jaypore's e-commerce platform.

The workshops supported by the Bank have been immensely successful in addressing the key issues related to product development, design and quality and have helped the artisans develop product prototypes, which have wider appeal in both the domestic and international markets.

Memoranda of Understanding/Co-operation

The Bank has consciously sought to establish, nurture and foster various institutional linkages and has entered into formal cooperation arrangements with select broad-based agencies in order to directly reach out to the artisans, by helping in capacity-building, technological up-gradation, quality improvement, market access and training. During the year, the Bank signed a Memorandum of Cooperation (MOC) with the Centre for Microfinance & Livelihood (CML), an initiative of Tata Trusts. CML was conceptualized by Tata Trusts as a specialized umbrella support organisation for capacity building, research and collaborative direct interventions in the development space in North East India. The objective of the MOC is to help grassroots enterprises improve their export competitiveness, inter alia, by complying with global standards of quality and work towards developing viable financing models and best practices for projects/enterprises, which

can be replicated across different sectors and geographical locations in the North East.

The Bank has signed MOUs with the Government of West Bengal and the Government of Andhra Pradesh for promoting exports from these states. Under the MoUs, among many other objectives, the Bank also seeks to support the exporters from these states in facilitating market linkages and capacity building workshops. With regard to these MOUs, the Bank along with Jaypore E-Commerce Pvt. (Jaypore) Ltd. assisted M/s Sasha Association for Craft Producers (Sasha) in West Bengal and M/s Chitrika in Andhra Pradesh by providing a platform for their craftsmen in skill upgradation, new product development and identification of buyers.

MARKETING ADVISORY SERVICES

The Bank plays a promotional role to create and enhance export capabilities of Indian firms and seeks to help them in their globalisation efforts by assisting in locating overseas distributor(s)/ buyer(s)/ partner(s) for their products and services. The Bank leverages its international standing, knowledge and established institutional linkages, coupled with its physical presence and e-marketing efforts to support Indian companies in their marketing initiatives on a success fee basis.

Product Placement

During the year, the Bank signed mandates with 18 companies. A total of 233 orders of approximately ₹ 30 million in domestic as well as overseas markets were generated for various products during the year. These include exports of wooden panels to Australia, non-leather handbags to UK and handloom textiles to USA. Submersible pumps, Kashmiri craft, Dhokra metalware, banana fibre products and traditional



Design and skill development training for women Kantha embroiders of West Bengal.

and folk art paintings were placed with several e-commerce portals in India and abroad.

Besides product placement, the Bank assisted Indian companies in identifying partners overseas:

- Coslight India Ltd. signed an agreement to supply lithium batteries to a telecom company in Sri Lanka.
- Wawa Rugs signed an agreement with Novica, an e-commerce platform, to showcase and sell carpets and dhurries in the US market.
- Several supplier agreements were signed between micro and grassroots enterprises and Jaypore, an exclusive online marketing platform selling Indian handicraft and handloom products.
- Rangutra and Purkal Stree Shakti Samiti signed a Memoranda of Understanding with the Museum store to sell their hand-embroidered and patchwork products at the Mumbai Airport.
- Arture Designs Pvt. Ltd. and Commonwealth Fashion Council in the UK signed a manufacturing



Handing over ceremony of 18 railway locomotives worth US\$ 32.40 million, supplied by RITES Ltd. to Myanmar Railways under GOI Line of Credit of US\$ 86.31 million.



Exim Bank organised a Business Opportunities Seminar on World Bank funded projects at Mumbai.

agreement for prototyping exclusively designed non-leather bags.

- Shakti Pumps (I) Ltd. signed an MOU with Moglix, a start-up for industrial goods, to showcase its products on the portal.
- The Shikhar Handloom and Handicraft Weavers Welfare PCS Industrial Co-operative Society Ltd. signed an MOU with GoCoop, an online marketplace, to sell its woollen products through the e-commerce portal.
- Shardadevi Gramudyog Utpadak Sahakari Mandali Ltd. (SGS) registered with Kraftly, an e-commerce portal, to showcase and sell its handicraft products via the platform.
- Anwasha Tribal Arts and Crafts registered itself on Craft Furnish, an online marketplace that provides technical and marketing support to craft artisans, to display and sell its metal artwork.
- Sadhna Enterprise entered into an agreement



Construction of transmission lines connecting different regions in Lao PDR under a GOI Line of Credit of US\$ 37.30 million.



Design development training programme for Mangalagiri weavers in Andhra Pradesh.

with Sweetcouch, online portal, to sell its handmade apparels through the platform.

With a view to support Indian artisans, the Bank also procured handcrafted items made of jute, handmade and recycled paper, handwoven stoles and shawls, wood and metal ware for the purpose of gifting.

Events and Exhibitions

The Bank, in association with Secure Giving, supported traditional, tribal and folk art exhibitions in Mumbai, Pune, Kolkata, Chennai and Bengaluru. These art exhibitions showcased paintings originating from Tamil Nadu, West Bengal, Gujarat, Odisha, Madhya Pradesh, Rajasthan, Bihar and Andhra Pradesh, leading to sale of a number of paintings.

The Bank supported a Government of Jharkhand undertaking, sponsoring a Kuchai Silk Expo in Jammu, Lucknow and Pune. The exhibition provided a platform to handloom weavers to sell handwoven textiles and garments. The Bank also offered assistance to Self Help Groups, Non-Governmental Organisations, and micro and grassroots companies by offering space at the Surajkund Mela, Kala Ghoda Art Festival and Exim Bazaar exhibitions.



Product and design development training programme for block printing in Sanganer, Rajasthan.

Exim Mitra

The Bank works in close coordination with multilateral and regional banks and financial institutions to promote trade between India and the rest of the World. Exim Bank has been both a catalyst and a key player in the promotion of cross border trade and investment. Exim Mitra is an endeavour to the ongoing efforts towards reducing the asymmetry in information, availability of trade finance and credit insurance facilities amongst MSME entrepreneurs. The portal aims to make a concerted effort towards fulfilling twin objectives, namely providing information on credit availability for exports and delivering trade related information. The portal seeks to provide information on export-import intelligence, Trade Finance and Export Credit Insurance. This, inter alia, includes assessment of demand across products and markets; information pertaining to market standards, sanitary/phytosanitary requirements, and other rules and regulations in key markets like the USA and the EU; Government incentives across various sectors; relevant contact information for handholding agencies; cost and duration of shipments from across the globe, and country ratings. This portal is expected to evolve towards providing more services.

Excellent tools!
Please give me detailed information about target countries with bulk buyers of Indian handicrafts, so that we can contact them directly without middlemen.

Rajnish Kumar,
Suraksha Financial Services
(New Delhi)

Very informative and useful website for beginners as well as existing exporters. Newly added features will surely help the beginners to establish firm footing in their new ventures.

Pramod Sanghavi,
Exim Remedies,
Consultancy Services,
(Maharashtra)

I would like to tell you that you are the first government body that helped me with such accurate and useful information. Your explanation of various features helped me in data searching and using it appropriately.

Eva Shah, Shah Exporters,
Agro & Food Processing
(Maharashtra)

Very useful and relevant website. Some information about letter of credit and Incoterms may also be provided so that payment methods can be easily understood by users.

Felix Martin,
Indian Bank
(Tamil Nadu)

Testimonial by users of Exim Mitra



Narayana Health Ltd. developed a 104-bed hospital in Cayman Islands jointly with Ascension, USA, with Overseas Investment Finance from Exim Bank.

The Bank also works closely with commercial banks and credit insurance agencies to provide information and guidance to exporters. The Bank has partnered with 15 banks/financial institutions for facilitating financial services through the portal. Prospective exporters can fill and submit an online form on the portal, which captures preliminary data pertaining to loan applications. These details are then shared with participating banks. The portal therefore acts as a much needed intermediary between suppliers and users of trade finance.

Exim Bank recognises that the full potential of knowledge dissemination can be fructified only through a two-way exchange of information. To facilitate this, the portal has an interactive platform which allows the Bank to better understand the needs of the exporters and address their queries.

The Portal also contributes towards the objective of financial inclusion by providing preliminary help to a number of exporters and importers who may not have access to an array of crucial trade related information on a single platform.



BUSINESS OPERATIONS

Exim Bank as a Promoter of Exports

RESEARCH AND ANALYSIS

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

- The Internationalisation of Indian firms through outbound Foreign Direct Investment: Nature, determinants and developmental consequences
- Financialisation and its Implications on The Determination of Exchange Rates of Emerging Market Economies
- Revitalizing Trade Finance: Development Banks & Export Credit Agencies at the Vanguard
- Creating a Resilient Trade Finance Architecture: A Compendium of Articles
- Feed Africa: Achieving Progress through Partnership
- Water, Sanitation and Healthcare in Africa: Enhancing Facility, Enabling Growth
- Integrate Africa: A Multidimensional Perspective
- Manufacturing in Africa: A Road for Sustainable Growth
- Power Sector in Africa: Prospect and Potential
- Indian Investments in East Africa: Recent Trends and Prospects
- Connecting Africa: Role of Transport Infrastructure



Release of Exim Bank's publication, *Creating A Resilient Trade Finance Architecture: A Compendium of Articles*.



The CII-Export-Import Bank of India Award for Business Excellence was presented to Godrej Interio (Godrej & Boyce Manufacturing Co. Ltd.) at the 25th CII National Quality Summit.

- Trade in Environmental Goods: A Perspective
- Strengthening ASEAN - India Partnership: Trends and Future Prospects
- Indo-Sri Lanka Trade and Investment Relations: Current Trends and Prospects
- Indian Investments in Latin America and Caribbean: Trends and Prospects
- Oil Price and International Trade in Petroleum Crude and Products: An Indian Perspective
- Pharmaceutical Industry: Regulatory Landscape and Opportunities for Indian Exporters
- Exports from Uttar Pradesh: Trends, Opportunities and Policy Perspectives

INFORMATION AND ADVISORY SERVICES

The Bank provides a wide range of information, advisory and support services, which only complements its financing programmes whilst also underlining its role as a policy Bank. These services are provided to the Bank's stakeholders including state governments, Indian public and private sector and overseas entities. The scope of services include policy inputs and papers for state governments, market-related information, sector and feasibility studies, technology supplier identification, partner search, capacity building exercises, investment facilitation and development of joint ventures both in India and abroad.

During the year, the Ghana Export-Import Bank (Exim Ghana) commissioned Exim Bank to undertake an assignment for providing technical assistance across various operational areas of Exim Ghana. Exim Bank will, inter alia, suggest an appropriate



Release of Exim Bank's special publication, *Strengthening ASEAN-India Partnership: Trends and Future Prospects*.

organisational structure, design the modalities of export financing programmes, develop a plan for implementation of these programmes, prepare standardised formats and provide guidelines for appraisal of credit proposals and risk analysis, and advice for setting up IT infrastructure. The Bank is in consultation with relevant stakeholders for taking this assignment to its fruition.

MULTILATERAL FUNDED PROJECTS OVERSEAS

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

ADB, through loans and technical assistance, supports projects encompassing various sectors viz. transport, energy, urban agriculture, natural resources and human development. ADB also supports flagship government projects such as solar parks and solar rooftops, energy efficiency using LED lighting, smart cities, metro lines, railways modernisation, and irrigation system expansion. In order to create greater awareness on the ADB's national and international business opportunities, Exim Bank in partnership with ADB, organized two interactive seminars at Chennai and Mumbai.

The World Bank's procurement system had a portfolio of 5675 projects in 172 countries with total contracts amounting to US\$ 183.6 billion at the end of March 2018. Indian companies have been participating in bids of the World Bank procurement system and have been reasonably successful. The World Bank has a new procurement framework with effect from July 2016, which is more business friendly and takes in to account feedback received from stakeholders, including vendors. Recognising the potential for increasing effective participation by Indian companies in bidding opportunities under World Bank funded projects, Exim Bank, in association with the World Bank Group, organised an interactive workshop on 'Business Opportunities in World Bank Funded Projects' in Mumbai.

EXIMIUS CENTRE FOR LEARNING

The Eximius Centre for Learning (ECL) is responsible for the overall conduct, coordination and implementation of programmes, seminars and workshops for Indian exporters and importers with a view to enhance their awareness, as also to facilitate India's international trade and investment. Seminars and conferences for exporters and



Exim Bank released working papers on the central theme of *India – Forging Mutual Partnership for Africa's Development*, focusing on 'AfDB's High 5s' Agenda.

importers are organised on topics of contemporary interest. The seminars were conducted with speakers from trade associations such as Federation of Indian Export Organisations (FIEO), Indian Chamber of Commerce (ICC); Confederation of Indian Industry (CII), Directorate General of Foreign Trade (DGFT), ECGC Ltd., IMC Chamber of Commerce and Industry and leading commercial banks.

The ECL conducted 24 export promotion seminars for exporters across the country on various topics during the year.

A series of four interactive sessions was organised on Services Exports in association with the Department of Economic Affairs, Ministry of Finance, Government of India, in Mumbai, Bengaluru, Ahmedabad and Kochi. The sessions, which primarily focussed on sectors such as information technology (business process management), tourism, real estate, housing and shipping services, were organised to elicit responses from key stakeholders, which would serve as inputs for the Government of India's strategy on services sector exports.

A series of five seminars was conducted in association with FIEO on topics such as 'Opportunities and Challenges in Foreign Trade in the North-East Region', 'International Trade Facilitation', 'Safest Payment Terms with Export Finance' and 'Implication of GST and Foreign Trade Policy' at Udaipur, Ludhiana, Bhubaneswar, Amritsar and Varanasi.

ECL organised a series of events and seminars to bring all stakeholders on a common platform to



Interactive Stakeholders' Seminars on the International Solar Alliance were held in New Delhi and Mumbai.



Exim Bank's export facilitation portal 'Exim Mitra' won an award from the Association of Development Financing Institutions in Asia and the Pacific.

deliberate on increasing exports from the North-Eastern region of India. ECL partnered with ICC to organise the 'Act East Business Show' in Shillong, and seminars on 'Energizing Entrepreneurs in International Trade' in Aizawl and Imphal. Further, ECL and CII jointly organised seminars on 'Opportunities and Challenges in Foreign Trade in the North-East Region' in Dimapur and Gangtok.

ECL organised seminars on 'Fuelling Growth of MSMEs through Financing Options and Enhancing Competitiveness' in Baddi and 'Export Marketing and Digital Marketing' in Bhavnagar and Mahuva (Gujarat), in association with CII. ECL partnered with the IMC Chamber of Commerce & Industry to organise a session for MSMEs on 'How to Export' in Navi Mumbai and 'How to Enhance Exports' in Kolhapur.

With a view to boost pharmaceutical exports to Africa, ECL organised an 'India-Africa Pharma Dialogue' in New Delhi, which was attended by stakeholders from the industry and African missions in India. ECL partnered with the Embassy of Estonia in New Delhi to organise a seminar on 'Trade and Investment Opportunities in Estonia' in Mumbai.

INSTITUTIONAL LINKAGES

The Bank has fostered a network of alliances and institutional linkages with multilateral agencies, export credit agencies, banks and financial institutions, trade promotion bodies and investment promotion boards to help create an enabling environment to support trade and investment.



Release of Exim Bank's publication, *Revitalising Trade Finance: Development Banks and Export Credit Agencies at the Vanguard.*

BRICS Interbank Co-operation Mechanism

Exim Bank entered into two multilateral agreements with other member development banks of BRICS nations under the BRICS Interbank Co-operation Mechanism:

- a) Interbank Local Currency Credit Line Agreement; and
- b) Co-operation Memorandum Relating to Credit Ratings.

The umbrella Interbank Local Currency Credit Line Agreement would serve as an enabler to enter into bilateral agreements between member banks subject to national laws, regulations and policies of the signatory institutions. The Co-operation Memorandum relating to Credit Ratings would enable sharing of internal credit ratings amongst the BRICS development banks, based on requests received. The Co-operation Memorandum relating to Credit Ratings would serve as an ideal mechanism to mitigate the credit risks associated with cross-

border financing. These agreements were signed during the BRICS Summit 2017, held in China.

Asian Exim Banks Forum

The Twenty Third Annual Meeting of the Asian Exim Banks Forum (AEBF) was hosted by Export Finance and Insurance Corporation in Sydney, Australia, in November 2017. The theme of the Meeting was "Despite a marked slowdown in international trade, members within the leading cross-border trade and economic growth region of the world are well-positioned to lead global trade in the years to come." The meeting was chaired by EFIC and had representatives at the highest level from member institutions, viz., Australia, China, India, Indonesia, Japan, Korea, Malaysia, Thailand, Turkey and Vietnam. While Philippines could not attend the meeting, the Asian Development Bank participated as a permanent invitee. The Export Credit Bank of Turkey, became a member of the Forum after completing two years as an Associate Member, in line with the Membership Protocol.

In 1996, Exim Bank took the initiative of forming the AEBF. While export credit agencies are generally considered competitors as they support their respective national exports, the objective of the Forum is to collaborate while competing. AEBF seeks to enhance economic co-operation and forge stronger linkages among its member institutions, thereby fostering a long-term relationship within the Asian Exim Banks' community. The Forum also



Signing of Line of Credit agreement of US\$ 4.50 billion to the Government of Bangladesh for development projects.



Signing of an agreement for financing a project on “Capacity Building of MSMEs in North East India for Export Competiveness” with United Nations Development Programme.

provides a sound platform for knowledge sharing by way of training programmes that have helped the staff of the member institutions learn the best practices in areas as diverse as project financing, capital markets, ship financing, SME financing, commodity financing, country risk, cross border investment, etc. Two training programmes were hosted during the year by the member institutions, of which one was hosted by Exim Bank of India, which saw a wide participation.

Global Network of Exim Banks and Development Finance Institutions

The Global Network of Exim Banks and Development Finance Institutions (G-NEXID) was set up in Geneva in March 2006, through the Bank’s initiative, under the auspices of United Nations Conference on Trade and Development. With the active support of a number of other Exim Banks and Development Finance Institutions from various developing countries, the network has endeavoured to foster enhanced South-South trade and investment and co-operation. The Network held its Annual General Meeting in Geneva in July 2017, which was followed by an Exchange Programme hosted by the Brazilian Development Bank, in November 2017.

Award for Business Excellence

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

Foundation for Quality Management (EFQM) Model. The annual award is a prestigious and befitting industry recognition given to a company after being assessed by panels of trained assessors through a transparent and rigorous methodology based on the EFQM Model. In 2017, there were 11 companies which received varying levels of recognition. Godrej Interio Division, Godrej & Boyce Mfg. Co. Ltd. was adjudged as the ‘Award winner’, while Godrej Appliance Division, Godrej & Boyce Mfg. Co. Ltd.; and Raychem RPG (P) Ltd. were adjudged as the ‘Prize winners’.

International Economic Research Annual Award

The International Economic Research Annual Award was instituted by the Bank in 1989. The objective of the Award is to promote research in international economics, trade, development and related financing, by Indian nationals at universities and academic institutions in India and abroad. The Award consists of a sum of ₹ 0.35 million and a citation. The winner for the year 2016 was Dr. Isha Chawla, for her doctoral thesis titled “The Internationalization of Indian Firms through Outbound Foreign Direct Investment: Nature, Determinants and Developmental Consequences”. Dr. Chawla received her degree in 2015 from the Delhi School of Economics, University of Delhi.

Exim Bank of India BRICS Economic Research Award

During India’s Presidency of the BRICS Interbank Co-operation Mechanism in 2016, the Bank had instituted the Exim Bank of India BRICS Economic Research Award, with the objective of encouraging and stimulating advanced research on economics



Presentation of Exim Bank’s International Economic Research Annual Award 2016 to Dr. Isha Chawla by Dr. Arvind Subramanian, Chief Economic Adviser, Government of India.



Presentation of Exim Bank's BRICS Economic Research Award 2017 by Mr. Hu Huaibang, Chairman, China Development Bank, to Dr. Raquel Almeida Ramos from Brazil.

related topics of contemporary relevance to the member nations of BRICS. The Award, comprising of prize money of ₹ 1.50 million (approximately US\$ 23,000) is sponsored by the Bank, along with a medal and a citation. The Award is open to nationals of any of the five member nations of BRICS, whose doctoral thesis have been awarded a doctorate, or accepted for award of a doctorate from any nationally accredited University or academic institution globally. The winner for the year 2017 was Dr. Raquel Almeida Ramos, for her doctoral thesis titled "Financialisation and its Implications on the Determination of Exchange Rates of Emerging Market Economies". Dr. Ramos received her degree in 2016 from the Université Paris 13, Sorbonne Paris Cité, France and Universidade Estadual de Campinas, Brazil.

ADFIAP Award

The Bank was conferred the Outstanding Development Project Award 2018 under the "Technology Development" category by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) during its 41st Annual Meeting held in New Delhi. The ADFIAP Development Award recognizes and honours ADFIAP member institutions, which have assisted projects that have created a development impact in their respective countries. The 2018 ADFIAP Development Project Award was in recognition of Exim Bank's support to Stellapps Technologies Pvt. Ltd., one of the few dairy technology solutions companies in India building automation tools,

integrated with cloud, mobility, and data analytics for dairy farms. A Plaque of Merit was also bestowed to the Bank under the "SME Development" category for its portal 'Exim Mitra'.

Commencement Day Annual Lecture

Exim Bank's Commencement Day Annual Lecture series, instituted in 1986, has earned recognition as an important milestone in contributing to the debate and discussions on contemporary trade and development issues impacting the global economy. The lecture for the year 2017-18 was delivered by Prof. Gita Gopinath, the John Zwaanstra Professor of International Studies and of Economics at Harvard University. Prof. Gopinath spoke on the topic "Dollar Dominance in Trade: Facts and Implications."

Exim Bank's support to States for promotion of exports

The Bank has been actively engaged in promoting exports from Indian states and supporting regional entrepreneurs to explore opportunities overseas. During the year, the Bank organised two Interactive Sessions with various stakeholders, including industry and senior level state Government functionaries, on the export potential of Uttar Pradesh and Madhya Pradesh, to understand the opportunities and challenges for exporters in these states. Based on these interactions and in-house research, the Bank brought out a study titled, 'Exports from Uttar Pradesh: Trends, Opportunities and Policy Perspectives', highlighting export sectors which are traditionally strong in the state and which could be further strengthened, while addressing the challenges faced by them.

Exim Bank - UNDP Co-operation on Capacity Building of MSMEs in the Northeast Region

During the year, Exim Bank and the United Nations



Exim Bank hosted the 36th Training Programme of the Asian Exim Banks Forum, on the topic of 'Buyer's Credit', at Vishakhapatnam.



Exim Bank extended a Line of Credit of US\$ 500 million to ECOWAS Bank for Investment and Development.

Development Programme (UNDP) entered into an agreement to finance a project on “Capacity Building of MSMEs in North East India for Export Competitiveness”, which aims at creating stronger MSMEs in the Northeast Region to boost exports, generate employment and provide livelihood opportunities, especially for the youth and women. The key strategy would be to take advantage of the emerging opportunities under the Government of India’s ‘Act East Policy’ that recognises the potential of the region in terms of natural resources, hydropower and close proximity to East Asian countries, among others. The key activities of the project include cluster-based support to MSMEs in Northeast Region in improving their export competitiveness. Key deliverables would include, among others, cluster level implementation strategy; online support resources for entrepreneurs, industry associations and export promotion agencies; in-depth market analysis; and state-specific export promotion strategy with clear roadmap for increase in export volumes in identified commodities and products.

NEW INITIATIVES

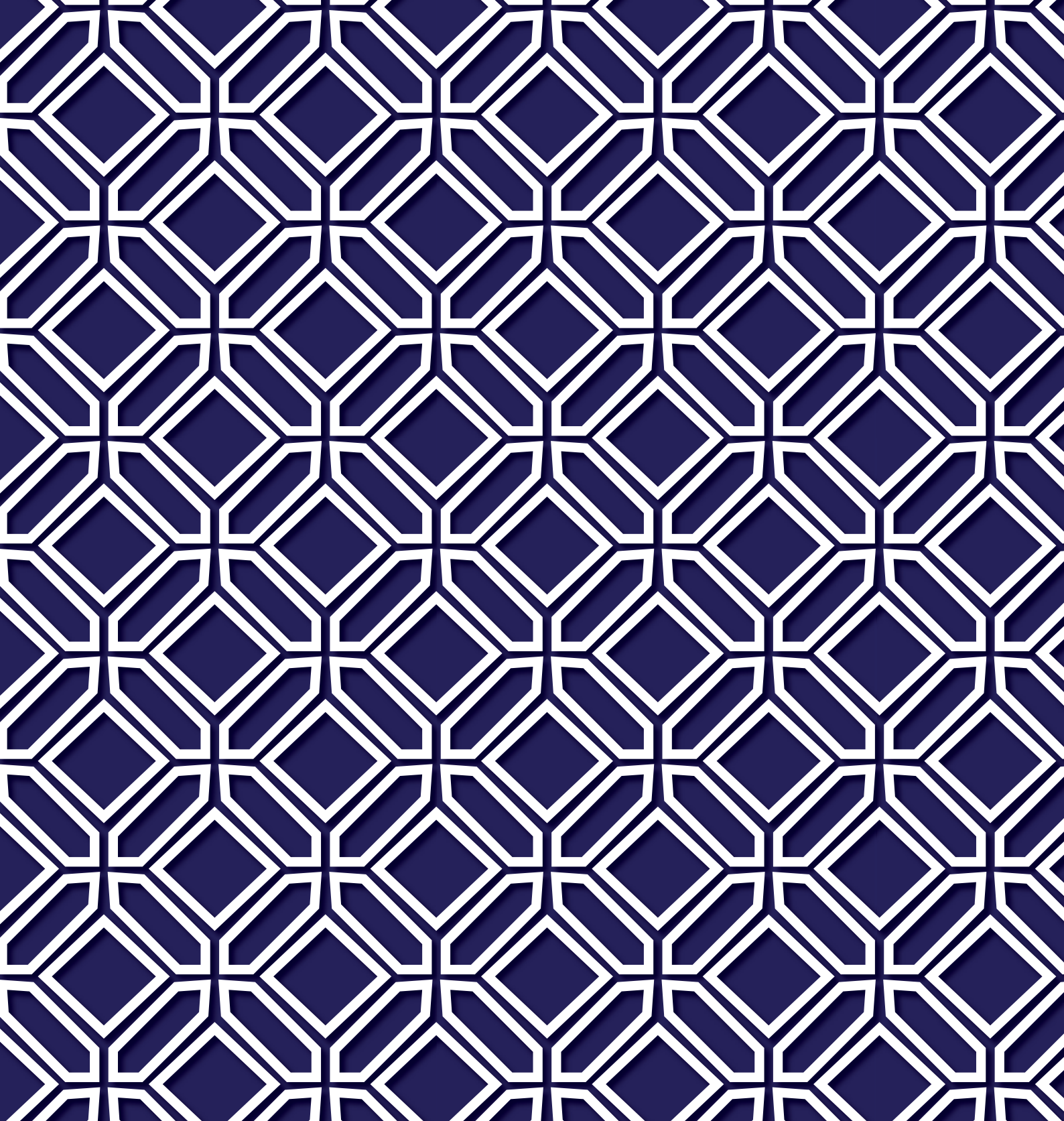
Exim Bank launched a Market Outreach Programme (E-MOP), to promote India's international trade and investment in emerging markets in sunrise sectors, providing value addition for Indian enterprises. The first such programme focussed on the healthcare sector in Myanmar and Cambodia. Exim Bank led an Indian delegation of multi-specialty and super-specialty hospitals, medical equipment manufacturers, pathology labs, diagnostic centres and clinics to Yangon and Phnom Penh. The delegation interacted with various stakeholders from the government, chambers, trade bodies and consultants from the healthcare sector of the two countries. Indian companies held business-to-business meetings with their counterparts from Myanmar and Cambodia and visited local hospitals. The initiative led to several trade and investment opportunities for the Indian healthcare sector.

Exim Bazaar

The Bank organised an exclusively curated exhibition-cum-sale of handmade arts, crafts and textiles from across India. Exim Bazaar, a four-day event brought together the best of crafts like Kashmir’s papier-mâché, Manipuri black pottery, Rajasthani jewellery, Madhubani paintings, Paithani sarees, Kalamkari paintings, Block printed garments, Kolhapuri footwear, Dhokra and Bidriware and many more of such exquisite crafts. The exhibition had 39 artisans and enterprises under a single roof, who had in the past benefitted from the Bank’s Marketing Advisory Services. Exim Bazaar had a huge footfall of around 5000 visitors and was successful in generating on-spot sales and future orders for the participants.



Launch of Exim Bank's Market Outreach Programme focusing on the healthcare sector in Myanmar and Cambodia.



BUSINESS OPERATIONS

Exim Bank's Institutional Infrastructure



HUMAN RESOURCES MANAGEMENT

The Bank's staff, comprising management graduates, chartered accountants, bankers, economists, legal, library and documentation experts, engineers, linguists, human resources and IT specialists, numbered 340 on March 31, 2018. The professional team of 290, is supported by administrative officers. As a "learning organisation", the Bank organises various group training programmes, facilitating continuous upgradation of skills of its staff. Officers are also nominated for customised training programmes and seminars, aimed at developing and enhancing skill sets for handling highly specialised portfolios. During FY 2017-18, 203 officers attended training programmes and seminars on various subjects relevant to the Bank's operations ranging from working capital management and interpretation of financial statements, project planning, project monitoring and control systems, trade finance, credit risk, interpersonal communication and organisational effectiveness, information security and leadership development.

During FY 2017-18, 60 per cent of the Bank's officers were nominated for 30 training programmes conducted by reputed institutes. Six group training programmes were arranged on topics including financial modelling, business etiquette, IndAS training on Indian Accounting Standards, foreign languages such as French and Spanish, Advanced Statistics and Econometrics for business and effective communication skills.

REPRESENTATION OF SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES

Of the total staff of 340 in the Bank's service as on March 31, 2018, there were 34 Scheduled Caste,



Ms. Renuka Shahane, TV and film personality, addressed the staff during the Hindi fortnight celebrations at the Bank.

23 Scheduled Tribe and 50 Other Backward Class staff members. Training in Information Technology and other areas such as effective presentation, leadership, communication and language skills, was also provided to these staff members. The Bank continues to grant scholarships for students from Scheduled Castes, Scheduled Tribes and Other Backward Classes at the North Eastern Regional Institute of Science and Technology, Arunachal Pradesh, and has also instituted scholarships for reserved category students of the Kalinga Institute of Industrial Technology University, Odisha; Indian Institute of Foreign Trade, New Delhi; the Delhi School of Economics and the Jawaharlal Nehru University, New Delhi. The Bank has instituted new scholarships at Nagaland University; North Eastern Hill University, Meghalaya; Tripura University and Sikkim University, to focus on the North Eastern region, and particularly for students from tribal communities.

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

In compliance with the Act, the Bank has constituted an Internal Complaints Committee which includes an external member, for considering complaints of sexual harassment of women at workplace as defined under the Act. The Bank considers the safety of its employees to be of paramount importance and seeks to provide a safe working environment at the workplace. The committee held regular meetings and also organised awareness sessions for employees at all offices of the Bank. All employees of the Bank have read, acknowledged and are aware of the policy for the Act implemented by the Bank.



Signing of "Credit Confirmation Statements" aggregating US\$ 1.22 billion for providing financial assistance for six infrastructure projects in Africa through Buyer's Credit under the National Export Insurance Account.



Blood Donation Camps were held during the year at the Bank's premises in collaboration with Tata Memorial Hospital, Mumbai.

TREASURY

The Bank's integrated treasury handles fund management functions, including investment of surplus funds, money market and forex operations and securities trading. The Bank has segregated front, middle and back office functions and has a state-of-the-art dealing room. The range of products offered by the Bank's treasury to its borrowers includes foreign exchange deals, collection/negotiation of export documents, issuance of inland/foreign letters of credit/guarantees, structured loans, etc. The Bank uses financial derivative transactions for raising cost effective funds and hedging its balance sheet exposures, with an objective of reducing market risks. The Bank is a member of the Indian Financial Network (INFINET) and has registration authority status from the Institute for Development Research in Banking Technology, the certifying authority. The Bank holds a digital certificate to deal through the Negotiated Dealing System -Order Matching segment (NDS-OM) of the RBI, which provides the electronic dealing platform for trading in GOI securities. The securities/foreign exchange transactions of the Bank are routed through the Guaranteed Settlement Facility provided by the Clearing Corporation of India Ltd. (CCIL). The Bank is an active member of Collateralised Borrowing and Lending Obligation (CBLO) segment of CCIL. The Bank is also a member of Clearcorp Order Matching System (CROMS), the Repo Dealing System of CCIL. CROMS is a Straight Through Processing enabled anonymous order matching platform launched by CCIL for facilitating dealing in market repos in all kinds of Government Securities on T+0/ T+1 basis. CCIL acts as a central counterparty to all CROMS trades and settlements are guaranteed by CCIL. The Bank has centralised



Exim Bank observed the International Day of Yoga.

SWIFT facility (with connectivity to the London Branch) which is capable of handling multiple Bank Identifier Codes.

PROGRESS IN IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY

During FY 2017-18, the Bank continued its efforts to strengthen the implementation of the Official Language Policy of the Government of India.

The Annual Programme for FY 2017-18, received from the Department of Official Language, Ministry of Home Affairs, Government of India, was implemented through an action plan to achieve targets. Towards this end, Official Language Implementation Committees at Bank's Head Office and Regional Offices reviewed and monitored the progress on regular basis.

A scheme offering incentives aimed at encouraging officers to learn and use Hindi in their day-to-day work is in place in the Bank. The Bank's in-house magazine 'Eximius' includes a Hindi section. A special issue of Eximius is brought out as Rajbhasha Visheshank on the occasion of Hindi Day. Officers are encouraged to contribute articles in Hindi and best articles are rewarded.

The Bank has actively participated in the meetings of Town Official Language Implementation Committees and has increasingly encouraged its officers to participate in the inter-bank Hindi competitions. Hindi training needs of the officers were identified and they were nominated for training to attain working knowledge as well as proficiency in Hindi. Use of Unicode was encouraged and officers were given training to use software/facilities available for working in Hindi on computers. In pursuance of the Government's



Sir Suma Chakrabarti, President, European Bank for Reconstruction and Development, visited the Bank.

directives, a Hindi fortnight was celebrated in the Bank in September 2017. World Hindi Day was also celebrated in January 2018. The Bank maintains its corporate website and a portal named Exim Mitra, both in Hindi and English.

Apart from literature on the Bank's operations and procedures, Hindi versions of all the issues of 'Eximius Export Advantage', a quarterly publication of the Bank, were published under the title 'Eximius: Niryaat Laabh'. Issues of 'Agri Export Advantage', a bi-monthly publication of the Bank, were also published in Hindi under the title 'Krishi Niryaat Laabh'. In addition to Hindi and English, it is translated in 10 other Indian languages.

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

The Bank's efforts for accelerating the use of Hindi for official purposes received recognition from various authorities:

- Offices in Bengaluru, Hyderabad and Kolkata were awarded by their respective Town Official Language Implementation Committees, constituted under the aegis of Department of Official Language, Ministry of Home Affairs, Government of India, for commendable performance in implementing the Official Language.
- The Bank's in-house journal 'Eximius' was awarded the first prize by the Reserve Bank of India under the bilingual magazine category amongst 32 participating Banks/Financial Institutions, for FY 2016-17.

INFORMATION TECHNOLOGY

The Bank continued its initiatives in enhancing



A project for design and construction of an 84 km railway line in Ghana, financed under the Bank's Buyer's Credit, being executed by Afcons Infrastructure Ltd.

the use of knowledge based tools, authentic communication across its various constituents for better sharing of information, customer empowerment and system intelligence capabilities. Systems were supported and upgraded in various areas including those of the core banking system, business intelligence, digital documentation, automatic workflows, networks, infrastructure and security. The Bank strengthened its practices and procedures in compliance with international standards for IT Governance. The Bank's corporate website (www.eximbankindia.in) continued to disseminate information in an organized manner on business opportunities and leads in international trade and also on the various research activities conducted by the Bank. The Bank continued to invest on infrastructure to support the growing need of the business and upgraded networks across the offices, data center, computing and other crucial equipment. The Bank has implemented various action based alerts and real time reporting to improve the efficiency and output. The Bank became one of the early members of Bank Chain which is a forum of Indian banks to explore the feasibility of implementation of block chain based technology in the Indian banking industry.

CORPORATE GOVERNANCE

Exim Bank ensures transparency and integrity in communication and makes available full, accurate and clear information to all concerned. The Bank is committed to and is continuously striving to ensure compliance with best practices of corporate governance as relevant to the Bank. The Bank has established a framework of strategic control and is continuously reviewing its efficacy. Business/financial performance matters related and analytical data/information are reported to the Board/Management Committee of the Board periodically for review. The Bank has put in place

a Board approved Compliance Policy and a senior official has been made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and report deviation, if any, to the Audit Committee. The Bank's Board held six meetings and the MC held seven meetings during FY 2017-18.

AUDIT COMMITTEE

The Audit Committee (AC) of the Bank's Board provides direction to the total audit function of the Bank in order to enhance its effectiveness as a management tool and to follow-up on all issues raised in the statutory/external/internal/ concurrent audit reports and RBI inspection reports. The AC reviews the annual financial statements every year before submission of the same to the Board. AC also periodically reviews the functioning of the Bank's Fund Management Committee (FMC) and Asset-Liability Management Committee (ALCO). The AC met seven times during FY 2017-18.

ASSET-LIABILITY MANAGEMENT (ALM)

The Asset-Liability Management Committee (ALCO) of the Bank oversees the monitoring and management of market risk with support from the Bank's mid-office. Liquidity/interest rate risks are managed by ALCO as per the comprehensive ALM/liquidity policies approved by the Board. The role of ALCO includes, *inter alia*, reviewing the Bank's currency-wise structural liquidity and interest-rate sensitivity positions vis-a-vis prudential limits prescribed by the RBI/Board, monitoring results of periodical stress testing of cash flows and identifying a suitable ALM strategy based on the quantum of interest-rate risk as measured



Exim Bank extended a GOI Line of Credit of US\$ 318 million to the Government of Sri Lanka.

through (a) assessment of sensitivity of net interest income and (b) sensitivity of economic value, using duration-gap analysis, to interest rate movement. Regular stress testing of the currency-wise liquidity position is carried out and a Contingency Funding Plan is drawn up periodically to estimate the worst-case fund shortfall in each currency. Value-at-risk is computed for the Bank's held-for-trading and available-for-sale portfolio of GOI securities. The FMC decides on the investments/disinvestments and raising of resources as per the Fund Management/Resources Plan approved by the Board at the beginning of each financial year and reviewed during the year. The AC of the Board periodically reviews the functioning of ALCO/FMC.

RISK MANAGEMENT

The Bank has an Integrated Risk Management Committee (IRMC), which is independent of operating groups and reports directly to the top management. The IRMC reviews the Bank's position in regard to various risks (portfolio, liquidity, interest rate, off-balance sheet and operational risks) and oversees the operations of the ALCO, the FMC and the Credit Risk Management Committee (CRMC), all of which have cross-functional representation. While ALCO deals with issues relating to ALM policy and processes and analyses the overall market risk (liquidity, interest-rate risk and currency risk) of the Bank, CRMC deals with credit policy and procedures and analyses, manages and controls credit risk on a Bank-wide basis. The Bank has in place an advanced Credit Risk Model (CRM) that enables a broad-based credit decision support (by incorporating a range of qualitative as well as quantitative parameters/measures) and better portfolio management capability. A Rating



Exim Bank has supported Larsen & Toubro Ltd., for air side construction works for the new midfield terminal complex at the Abu Dhabi International Airport, UAE.



Dr. Suresh Rituparna, renowned Hindi writer and Director of K. K. Birla Foundation gave a talk to the staff of Exim Bank on the occasion of World Hindi Day.

Committee is in place to independently review the credit ratings assigned by sponsor officers to the respective proposals. The Bank also undertakes an annual review of the Business Continuity and Disaster Recovery Plans of all its offices. Each of the plans is vetted for completeness with regard to critical Business Continuity Risk Events and safeguards in place, for mitigating the impact thereof.

LOAN ADMINISTRATION

To provide focused attention to monitoring of loan accounts which are under stress and also strengthening of recovery measures for NPAs, the Bank has a dedicated group, Loan Administration Group, which takes pro-active steps towards loan recovery including preventing slippage of standard assets into NPAs, rehabilitation of NPAs which are viable and also focuses on recovery from NPA accounts where legal action is to be pursued for recovery as per the Board-approved Loan Monitoring and Recovery Policy, which is framed based on the extant regulatory framework. Monthly review of overdue and NPAs is being done by separate committees in the Bank.

During the last two fiscals, the banking sector as a whole has been dealing with higher slippages and asset quality issues. The Bank accords highest priority to recovery of NPAs and adopts a multi-dimensional approach for resolution of NPAs. These include legal action, sale of assets through court receiver, negotiations, one-time settlements, possession and subsequent sale of assets under the provisions of the Securitizations Act, and transfer/assignment of debt to other parties.

Indian Banking sector has been observing a paradigm shift in approach towards stressed assets



Exim Bank received the prize for in-house magazine 'Eximius' from RBI.

from earlier approach of recovery to the new shift being of resolution of stressed assets with the introduction of Insolvency and Bankruptcy Code, 2016 (IBC) together with the latest guidelines from Reserve Bank of India focusing on early resolution of stressed assets. Bank's Group has been actively pursuing cases under IBC and is well equipped to operate within the revised regulatory framework.

KYC, AML AND PML MEASURES OF THE BANK

The Bank has a policy approved by the Board on 'Know your Customer (KYC) norms, Anti Money Laundering (AML) standards, and Combating Financing of Terrorism (CFT)'. The Policy conforms to the RBI guidelines in the matter. The KYC, AML and CFT policy covers:

- (a) Customer Acceptance Policy
- (b) Risk Management
- (c) Customer Identification Procedure
- (d) Monitoring of transactions

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

its counterparty banks with regard to KYC norms through the Wolfsberg Group AML Questionnaire, in line with international market practice. The Bank also maintains information in respect of certain transactions in accordance with the procedure and manner as may be specified by the RBI and SEBI, as the case may be, from time to time, and the records are maintained for a period of ten years from the date of the transaction. The Bank has appointed a Principal Officer responsible for its KYC, AML and CFT measures. The KYC, AML and CFT Policy is posted on the Bank's website.

FAIR PRACTICES CODE FOR LENDERS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FRAMEWORK

The Bank has in place a Board-approved "Environment, Social and Governance (ESG) Policy". The Bank is also a part of the deliberations led by the Indian Banks Association (IBA) on a sustainability framework for Banks. The IBA has appreciated the efforts of the Bank, among others, for moving forward on principle two of the Guidelines, i.e. integrating ESG based risk assessment into the credit appraisal process, as well as making forward strides on aspects of green investment using new modes of green finance which is Principle 4 of the Guidelines.

The Bank has been promoting sustainable banking both in India as well as internationally through its various financing programmes. The Bank has been funding projects in areas such as renewable energy, energy efficiency, waste management, mass transportation, and energy efficient transport. The



Employees of Exim Bank lent a helping hand at the Versova beach clean up campaign of Afroz Shah, Mumbai-based lawyer and environmentalist.

Bank is also promoting inclusive growth through its Grassroots Initiatives and Development.

The Bank has also been reviewing its internal operations for ESG-related parameters. The Bank has taken up electrical audit and associated measures for optimising energy consumption. The Bank aims to minimise use of paper through digitisation of workflows including circulation of agenda papers for meetings; e-Greetings; and e-Invites for various occasions and functions. Use of video/tele conferencing helps reduce the carbon footprint. The Bank has also showcased its initiative of "Go Green" by sapling plantation drives in housing societies where the Bank provides accommodation to staff members. As an alternative to presenting bouquets at events, donation certificates in the name of the recipient for a social cause (such as Akshaya Patra) have been introduced in the Bank. The Akshaya Patra Foundation, a not-for-profit organisation headquartered in Bengaluru, strives to fight issues like hunger and malnutrition in India, by implementing the mid-day meal scheme in the government schools and government-aided schools.

In line with the 'Swachh Bharat Mission' of GOI, the staff of Bank participated in Versova beach clean up drive with Mr. Afroz Shah, a lawyer based in Mumbai who is the first Indian recipient of the highest international environmental award by the UN Environment Programme: the Champion of Earth Award for 2016. The Bank has taken up the Versova beach clean-up as an ongoing project where the Bank's staff and their families assist in cleaning the beach.

The Bank also leverages social media to reach out to customers for campaigns, new developments



and achievements, among others. The platforms are also avenues for stakeholders to provide feedback and reach out to the Bank directly. The Bank has in place various policies which include Whistleblower Policy; Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace; Grievance Redressal Mechanism for Borrowers and Fair Practices Code for Lenders' Liability.

RIGHT TO INFORMATION

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

JOINT VENTURE

Global Procurement Consultants Ltd. (GPCL) conceived and promoted by Exim Bank as a private sector outfit in the year 1996, is a joint venture between Exim Bank and 11 other reputed private and public sector companies. GPCL was a pioneering concept, brought to reality through a synergetic partnership among industry leaders in sectors such as agriculture, energy, industries, mining, transportation, water resources and others. GPCL, in the past year, has broadened its range of services built around the procurement function to cover areas such as bid advisory, procurement training, e-procurement solutions, project identification, pre-

feasibility studies, preparation and review of reports, functioning as a lender's engineer, undertaking due diligence of a project, project monitoring, evaluation, capacity building and a variety of support services to the bilateral and multilateral lending agencies. The company recorded a consultancy income of ₹ 50.38 million in FY 2017-18 with a pre-tax profit of ₹ 15.02 million.

The Bank along with Infrastructure Leasing & Financial Services Ltd., the State Bank of India and the African Development Bank has set up a project development company (PDC) to focus on the development of infrastructure projects in Africa. Kukuza PDC's initial capital is US\$ 25 million and the Bank's share in the capital is US\$ 4.88 million. The Company is registered in Mauritius and has commenced operations in FY 2017-18.

In order to catalyse Indian investments in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV), the Bank in consultation with the Department of Commerce, Ministry of Commerce and Industry, has developed a framework of a Project Development Fund (PDF). Under the initiative, four projects, in sectors like healthcare in Cambodia and Myanmar, education in Myanmar and pharmaceutical in Vietnam, have been identified for preparation of Detailed Project Reports (DPRs). Based on the findings of the DPRs, the selected projects will be implemented in the respective countries, by setting up of special purpose vehicles under the PDF CLMV initiative.



The 23rd Annual Meeting of the Asian Exim Banks Forum was held in Sydney, Australia.



**FINANCIAL
STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

To,

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of the General Fund of the Export-Import Bank of India ('the Bank'), which comprises of the Balance Sheet as at 31st March, 2018 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of the financial statements in accordance with the Export-Import Bank of India Act, 1981 ('the Act') and the Regulations framed thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, give the information in accordance with the requirements of the Act and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the General Fund of the Bank as at 31st March, 2018;
 - (ii) In the case of the Profit and Loss Account, of the loss for the year ended 31st March, 2018; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended 31st March, 2018.
- (ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.
 11. We further report that:

Report on Other Legal and Regulatory Matters

8. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement have been drawn up in accordance with the provisions of the Act and the Regulations framed thereunder.
9. We report that:
 - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

- (i) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books.

For **SORAB S. ENGINEER & CO.**
Chartered Accountants
 Firm Registration No. 110417W

CA N. D. ANKLESARIA
PARTNER
 MEMBERSHIP NO. 10250

Mumbai, 18th May, 2018.

BALANCE SHEET AS AT 31ST MARCH, 2018

		GENERAL FUND	
		This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
LIABILITIES			
	SCHEDULES		
1. Capital	I	73,593,663,881	68,593,663,881
2. Reserves	II	22,407,896,155	51,645,199,126
3. Profit and Loss Account	III	-	41,300,000
4. Notes, Bonds and Debentures		865,817,469,885	806,929,554,112
5. Bills Payable		-	-
6. Deposits	IV	2,860,514,358	3,726,434,552
7. Borrowings	V	172,972,652,705	150,072,777,722
8. Current Liabilities and Provision for Contingencies		57,705,066,214	46,637,552,503
9. Other Liabilities		39,832,319,272	44,427,210,251
Total		1,235,189,582,470	1,172,073,692,147
ASSETS			
1. Cash and Bank Balances	VI	28,154,996,173	36,908,866,611
2. Investments	VII	56,969,220,517	51,029,294,879
3. Loans and Advances	VIII	1,046,570,568,346	1,017,159,983,605
4. Bills of Exchange and Promissory Notes Discounted/Rediscounted	IX	28,750,000,000	9,250,000,000
5. Fixed Assets	X	1,259,022,689	1,298,367,915
6. Other Assets	XI	73,485,774,745	56,427,179,137
Total		1,235,189,582,470	1,172,073,692,147
CONTINGENT LIABILITIES			
i) Acceptances, Guarantees, Endorsements and other obligations		116,927,666,502	78,177,713,070
ii) On outstanding forward exchange contracts		2,929,986,250	3,573,212,731
iii) On underwriting commitments		-	-
iv) Uncalled Liability on partly paid investments		163,491,675	152,677,850
v) Claims on the Bank not acknowledged as debts		2,305,300,000	1,971,000,000
vi) Bills for collection		-	-
vii) On participation certificates		-	-
viii) Bills Discounted/Rediscounted		-	-
ix) Other monies for which the Bank is contingently liable		15,771,727,879	47,274,958,286
Total		138,098,172,306	131,149,561,937

'Notes to Accounts' attached.

For and on behalf of the Board

Shri Debasish Mallick
Deputy Managing Director

Shri T. S. Tirumurti

Shri Rajeev Rishi

Shri David Rasquinha
Managing Director

Shri Pankaj Jain

Smt. Geetha Muralidhar

Shri Rajnish Kumar

As per our attached report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Regn. No. 110417W

(CA N. D. Anklesaria)
Partner
M. No. 010250

Mumbai, May 18, 2018

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

EXPENDITURE	SCHEDULES	GENERAL FUND	
		This year ₹	Previous year ₹
1. Interest		65,862,992,191	65,022,307,778
2. Credit Insurance, Fees and Charges		540,074,685	628,067,389
3. Staff Salaries, Allowances, etc. and Terminal Benefits		488,732,271	563,929,962
4. Directors' and Committee Members' Fees and Expenses		-	-
5. Audit Fees		1,008,000	1,008,000
6. Rent, Taxes, Electricity and Insurance Premia		247,951,472	213,215,395
7. Communication Expenses		35,038,993	43,815,361
8. Legal Expenses		67,774,140	78,086,494
9. Other Expenses	XII	1,043,004,526	825,636,786
10. Depreciation		184,786,313	170,933,494
11. Provision for loan losses/contingencies, depreciation on investments		61,609,573,457	21,679,974,939
12. Profit/(Loss) carried down		(42,298,164,654)	3,126,382,006
Total		87,782,771,394	92,353,357,604
Provision for Income Tax [net of Deferred tax credit of ₹ 14,706,937,458 (previous year - Deferred tax credit of ₹ 4,052,096,329)]		(13,060,861,683)	2,714,263,830
Balance of Profit/(Loss) transferred to Balance Sheet		(29,237,302,971)	412,118,176
		(42,298,164,654)	3,126,382,006
INCOME			
1. Interest and Discount	XIII	82,383,628,713	84,410,889,852
2. Exchange, Commission, Brokerage and Fees		3,849,952,278	4,687,969,751
3. Other Income	XIV	1,549,190,403	3,254,498,001
Total		87,782,771,394	92,353,357,604
Profit/(Loss) brought down		(42,298,164,654)	3,126,382,006
Excess Income/Interest tax provision of earlier years written back		-	-
		(42,298,164,654)	3,126,382,006

'Notes to Accounts' attached.

For and on behalf of the Board

Shri Debasish Mallick
Deputy Managing Director

Shri T. S. Tirumurti

Shri Rajeev Rishi

Shri David Rasquinha
Managing Director

Shri Pankaj Jain

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For **Sorab S. Engineer & Co.**
Chartered Accountants
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(CA N. D. Anklesaria)
Partner
M. No. 010250

Mumbai, May 18, 2018

SCHEDULES TO THE BALANCE SHEET

	This year (As at 31.03.2018) ₹	GENERAL FUND Previous year (As at 31.03.2017) ₹
Schedule I: Capital:		
1. Authorised	100,000,000,000	100,000,000,000
2. Issued and Paid-up: (Wholly subscribed by the Central Government)	73,593,663,881	68,593,663,881
Schedule II: Reserves:		
1. Reserve Fund	6,812,577,091	36,049,880,062
2. General Reserve	-	-
3. Other Reserves:		
Investment Fluctuation Reserve	-	-
Sinking Fund (Lines of Credit)	1,955,319,064	1,955,319,064
4. Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	13,640,000,000	13,640,000,000
	22,407,896,155	51,645,199,126
Schedule III: Profit and Loss Account:		
1. Balance as per annexed accounts	(29,237,302,971)	412,118,176
2. Less: Appropriations:		
- Transferred to Reserve Fund	(29,237,302,971)	370,818,176
- Transferred to Investment Fluctuation Reserve	-	-
- Transferred to Sinking Fund	-	-
- Transferred to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	-	-
3. Balance of the net profits (Transferable to the Central Government in terms of Section 23(2) of the Exim Bank Act, 1981)	-	-
	-	41,300,000
Schedule IV: Deposits:		
(a) In India	2,860,514,358	3,726,434,552
(b) Outside India	-	-
	2,860,514,358	3,726,434,552

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
Schedule V: Borrowings:		
1. From Reserve Bank of India:		
a) Against Trustee Securities	-	-
b) Against Bills of Exchange	-	-
c) Out of the National Industrial Credit (Long Term Operations) Fund	-	-
2. From Government of India	-	-
3. From Other Sources:		
a) In India	30,464,595,133	27,626,427,635
b) Outside India	142,508,057,572	122,446,350,087
	172,972,652,705	150,072,777,722
Schedule VI: Cash and Bank Balances:		
1. Cash in Hand	267,322	504,612
2. Balance with Reserve Bank of India	1,062,376,412	242,081,708
3. Balances with other Banks:		
a) In India		
i) In current accounts	2,753,482,451	782,330,730
ii) In other deposit accounts	265,000,000	265,000,000
b) Outside India	24,073,869,988	35,618,949,561
4. Money at call and short notice/ Lending under CBLO	-	-
	28,154,996,173	36,908,866,611

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
Schedule VII: Investments: (net of diminution in value, if any)		
1. Securities of Central and State Governments	38,985,454,430	30,635,592,765
2. Equity Shares and Stocks	3,147,214,811	2,646,452,566
3. Preference Shares and Stocks	259,796,800	23,234,000
4. Notes, Debentures and Bonds	14,076,754,476	17,224,015,548
5. Others	500,000,000	500,000,000
	56,969,220,517	51,029,294,879
Schedule VIII: Loans and Advances:		
1. Foreign Governments	347,918,475,333	325,481,477,107
2. Banks:		
a) In India	183,265,470,679	145,670,664,885
b) Outside India	-	10,573,270
3. Financial Institutions:		
a) In India	-	-
b) Outside India	31,726,150,308	29,630,693,336
4. Others	483,660,472,026	516,366,575,007
	1,046,570,568,346	1,017,159,983,605
Schedule IX: Bills of Exchange and Promissory Notes Discounted/Rediscounted:		
a) In India	28,750,000,000	9,250,000,000
b) Outside India	-	-
	28,750,000,000	9,250,000,000

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
Schedule X: Fixed Assets: (At cost less depreciation)		
1. Premises		
Gross Block b/f	2,064,028,557	1,734,522,255
Additions during the year	29,133,407	329,506,302
Disposals during the year	1,661,130	-
Gross Block as at the end of the year	2,091,500,834	2,064,028,557
Accumulated Depreciation	1,008,738,347	928,184,582
Net Block	1,082,762,487	1,135,843,975
2. Others		
Gross Block b/f	1,013,059,162	896,880,632
Additions during the year	121,392,454	135,003,614
Disposals during the year	97,809,713	18,825,084
Gross Block as at the end of the year	1,036,641,903	1,013,059,162
Accumulated Depreciation	860,381,701	850,535,222
Net Block	176,260,202	162,523,940
	1,259,022,689	1,298,367,915
Schedule XI: Other Assets:		
1. Accrued interest on:		
a) investments/bank balances	11,120,355,964	10,791,054,440
b) loans and advances	15,936,763,898	14,151,386,600
2. Deposits with sundry parties	43,378,422	37,238,334
3. Advance Income Tax paid (net)	7,095,229,016	7,930,845,159
4. Others [including Deferred tax asset of ₹ 33,274,681,260 (previous year ₹ 18,567,743,802)]	39,290,047,445	23,516,654,604
	73,485,774,745	56,427,179,137
Schedule XII: Other Expenses:		
1. Export Promotion Expenses	19,460,137	34,330,480
2. Expenses on and related to Data Processing	6,694,221	14,547,043
3. Repairs and Maintenance	208,816,959	197,215,272
4. Printing and Stationery	13,396,427	12,261,031
5. Others	794,636,782	567,282,960
	1,043,004,526	825,636,786

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
Schedule XIII: Interest and Discount:		
1. Interest and Discount on loans and advances/bills discounted/rediscounted	53,302,677,483	54,462,592,775
2. Income on Investments/bank balances	29,080,951,230	29,948,297,077
	82,383,628,713	84,410,889,852
Schedule XIV: Other Income:		
1. Net Profit on sale/revaluation of investments	1,520,032,565	3,108,552,970
2. Net Profit on sale of land, buildings and other assets	18,042,191	944,930
3. Others	11,115,647	145,000,101
	1,549,190,403	3,254,498,001

Note:

Deposits under 'Liabilities' [ref. Schedule IV (a)] include 'on shore' foreign currency deposits aggregating US\$ 34.92 million (Previous year US\$ 39.66 million) kept by counter party banks / institutions with Exim Bank against reciprocal rupee deposits / bonds. Cash & Bank Balances under 'Assets' [ref. Schedule VI 3. (a) ii)] include rupee deposits aggregating "NIL" (Previous year NIL) on account of swaps. Investments under 'Assets' [ref. Schedule VII 4.] include bonds aggregating ₹ 1.58 billion (Previous year ₹ 1.79 billion) on account of swaps.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Amount (₹ million)	
	Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra-ordinary items	(42,298.2)	3,126.4
Adjustments for:		
- (Profit)/Loss on sale of Fixed Assets (Net)	(18.0)	(0.9)
- (Profit)/Loss on sale of Investments (Net)	(1,520.0)	(3,108.6)
- Depreciation	184.8	170.9
- Discount/Expenses on bond issues written off	184.3	229.2
- Transfer from Investment Fluctuation Reserve	-	-
- Provisions/Write Off of Loans/Investments and other provisions	61,609.5	21,680.0
- Others - to specify	-	-
	18,142.4	22,097.0
Adjustments for:		
- Other Assets	(3,254.0)	(2,040.7)
- Current Liabilities	(49,785.8)	(33,434.1)
CASH GENERATED FROM OPERATIONS	(34,897.4)	(13,377.8)
Payment of income tax/interest tax	(6,161.2)	(6,280.2)
NET CASH FLOW FROM OPERATING ACTIVITIES	(41,058.6)	(19,658.0)
CASH FLOW FROM INVESTING ACTIVITIES		
- Net purchase of fixed assets	(127.4)	(466.5)
- Net change in investments	(4,419.9)	5,634.6
NET CASH USED IN/RAISED FROM INVESTING ACTIVITIES	(4,547.3)	5,168.1
CASH FLOW FROM FINANCING ACTIVITIES		
- Equity capital infusion	5,000.0	5,000.0
- Loans borrowed (net of repayments made)	80,803.9	27,519.5
- Loans lent, bills discounted and rediscounted (net of repayments received)	(48,910.6)	(35,242.7)
- Dividend on equity shares and tax on dividend (Balance of Net profits transferred to Central Government)	(41.3)	(315.8)
Net cash used in/raised from Financing Activities	36,852.0	(3,039.0)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,753.9)	(17,528.9)
OPENING CASH AND CASH EQUIVALENTS	36,908.9	54,437.8
CLOSING CASH AND CASH EQUIVALENTS	28,155.0	36,908.9

For and on behalf of the Board

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Deputy Managing Director

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As per our attached report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Regn. No. 110417W

(CA N. D. Anklesaria)
Partner
M. No. 010250

Mumbai, May 18, 2018

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

i) Financial Statements

a) Basis of preparation

The Balance Sheet and Profit and Loss account of Export-Import Bank of India (Exim Bank) (General Fund and Export Development Fund) have been prepared in accordance with the accounting principles followed in India. The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated. The accounting policies that are applied by the Bank are consistent with those used in the previous year. The form and manner in which the Balance Sheet and the Profit and Loss Account of Exim Bank are prepared have been provided in the Export-Import Bank of India, General Regulations, 1982 approved by the 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.108/01.02.000/2015-16 dated June 23, 2016 and thereafter.

b) Use of estimates

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

ii) Revenue Recognition

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

iii) Asset Classification and Provisioning

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

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

iv) Investments

The entire investment portfolio is classified under three categories:

- a) “Held to Maturity” (the securities acquired with the intention to hold them to maturity),
- b) “Held for Trading” (the securities acquired with the intention to trade by taking advantage of the short term price/interest rate movements, etc.) and
- c) “Available for Sale” (the balance investments).

The investments are further classified as:

- i) Government securities
- ii) Other approved securities
- iii) Shares
- iv) Debentures and Bonds
- v) Subsidiaries/Joint Ventures
- vi) Others (Commercial Papers, Mutual Fund Units, etc.)

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

v) Fixed Assets and Depreciation

- a) Fixed Assets are stated at historical cost less accumulated depreciation.
- b) Depreciation is provided for on straight-line method basis at the following rates:

Asset	Depreciation Rate
Owned Buildings	5%
Furniture and Fixtures	25%
Office Equipments	25%
Other Electrical Equipments	25%
Computers and Computer Software	25%
Motor Vehicles	25%
Mobile Phones and other electronic items subject to rapid technological obsolescence	33.33%

- c) In respect of assets acquired during the year, depreciation is provided for the entire year in the year of purchase and in respect of assets sold during the year, no depreciation is provided in the year of sale.
- d) When a depreciable asset is disposed off, discarded, demolished or destroyed, the net surplus or deficit is adjusted in the Profit and Loss Account.

vi) Impairment

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

vii) Accounting for Foreign Currency Transactions

- a) Assets and liabilities denominated in foreign currency are translated at the exchange rate notified by the Foreign Exchange Dealers' Association of India (FEDAI) at year end.
- b) Income and expenditure items are translated at the average rates of exchange during the year.
- c) Outstanding foreign exchange contracts are revalued at rates of exchange notified by the FEDAI for specified maturities and the resulting profits/losses are included in the Profit and Loss account.
- d) Contingent liabilities in respect of guarantees, acceptances, endorsements and other obligations are stated at the rates of exchange notified by FEDAI at year end.

viii) Guarantees

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

ix) Derivatives

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

x) Provision for Employee Benefits

- a) Provident Fund, Gratuity Fund and Pension Fund are defined benefit schemes administered by the Bank and the Bank's contributions to these funds are charged to the Profit and Loss Account for the year.
- b) Gratuity and Pension are defined benefit obligations. Liabilities towards these obligations are provided for on the basis of actuarial valuation at the end of each financial year based on the projected unit credit method.
- c) Liability towards leave encashment is provided for on the basis of actuarial valuation at year end.

xi) Accounting for Taxes on Income

- a) Provision for current tax is made, based on the tax payable under the relevant statute.
- b) Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax law enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is a virtual certainty of realisation.

xii) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

II. NOTES TO ACCOUNTS – GENERAL FUND**1. Agency Account**

As Exim Bank is acting only in the capacity of an agency to facilitate certain transactions in Iraq relating to Indian contractors, foreign currency receivables advised to the Bank equivalent to ₹ 44.79 billion (previous year ₹ 44.57 billion) held on agency account including a sum of ₹ 40.48 billion (previous year ₹ 40.27 billion) assigned to Government of India (GOI) are not included in the above Balance Sheet.

2. Income-Tax

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

3. a) Contingent Liabilities

Guarantees include expired guarantees of ₹ 1.24 billion (previous year ₹ 2.01 billion), yet to be cancelled in the books.

b) Claims not acknowledged as debts

The amount of ₹ 2.31 billion (previous year ₹ 1.97 billion) shown under Contingent Liabilities as “Claims on the Bank not acknowledged as debts”, pertains to claims/counter-claims filed against the Bank mostly by Bank’s defaulting borrowers in response to legal action initiated against them by the Bank. None of the claims / counter-claims is considered as maintainable in the opinion of Bank’s solicitors and none of them has reached the stage of final hearing. Based on professional advice, no provision is considered necessary.

c) Forward Exchange Contracts, Currency / Interest Rate Swaps

- i) The outstanding forward exchange contracts as at March 31, 2018 have been fully hedged. The Bank undertakes derivatives transactions (Interest Rate Swaps, Forward Rate Agreements and Currency-cum-interest rate swaps), for the purpose of Asset-Liability Management as per RBI guidelines issued vide circular Ref. No. MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999 and thereafter. The Bank also unwinds and re-enters such transactions based on requirements/market conditions. The outstanding derivative transactions are captured in the interest rate sensitivity position, which is monitored by the Asset Liability Management Committee (ALCO) and reviewed by the Board. The credit equivalent of derivatives is arrived at as per ‘Current Exposure’ method prescribed by RBI. The fair value and the price value of a basis point (PV01) of derivatives are disclosed separately in the ‘Notes to Accounts’ as stipulated by RBI. The premium or discount arising at inception of forward exchange contracts is amortised over the life of the contracts. Any profit or loss arising on cancellation of forward exchange contracts is recognized as income/expense for the year.
- ii) The Bank is permitted to be a ‘market maker’ for offering long-dated Foreign Currency-Rupee Swaps to clients/non-clients.

d) Profit/Loss on Exchange fluctuation

Assets and liabilities denominated in foreign currency are translated at the exchange rate notified by the Foreign Exchange Dealers’ Association of India (FEDAI) at year end. Income and expenditure items are translated at the average rates of exchange during the year. The notional loss on such translation of the retained earnings on FC operations during the current year is ₹ 0.13 billion (previous year notional profit of ₹ 0.22 billion).

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

5. Additional Information as required by Reserve Bank of India

5.1 Capital

(a)

	Particulars	As on March 31, 2018	As on March 31, 2017
(i)	Capital to Risk Assets Ratio (CRAR)	10.35%	15.81%
(ii)	Core CRAR	8.82%	14.29%
(iii)	Supplementary CRAR	1.53%	1.52%

(b) The amount of subordinated debt raised and outstanding as on March 31, 2018 as Tier-II capital: ₹ NIL (previous year: ₹ NIL).

(c) Risk weighted assets

(₹ billion)

	Particulars	As on March 31, 2018	As on March 31, 2017
(i)	'On' balance sheet items	579.05	590.05
(ii)	'Off' balance sheet items	73.80	126.71

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

- The CRAR and other related parameters have been determined as per the extant capital adequacy norms prescribed by RBI for the Financial Institutions (FIs).
- The revised Framework to be prescribed by the RBI, including the Basel III norms, are still at draft stage. The Bank will implement Basel III norms for determining CRAR from the date they become effective. However, the final notification from RBI is awaited.

5.2 Free Reserves and Provisions

(a) Provisions on Standard Assets

(₹ billion)

	Particulars	2017-18	2016-17
(i)	Provisions towards Standard Assets	14.08	(9.22)

(b) Floating Provisions

(₹ billion)

	Particulars	2017-18	2016-17
(a)	Opening balance in the floating provisions accounts	-	-
(b)	The quantum of floating provisions made in the accounting year	-	-
(c)	Amount of draw down made during the accounting year	-	-
(d)	Closing balance in the floating provisions account	-	-

5.3 Asset Quality and Specific Provisions**(a) Non-Performing Advances**

(₹ billion)

	Particulars	2017-18	2016-17
(i)	Net NPAs to Net Advances (%)	3.75%	4.688%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	99.62	42.75
(b)	Additions during the year	43.24	68.10
(c)	Reductions during the year	23.10	11.23
(d)	Closing balance	119.76	99.62
(iii)	Movement of Net NPAs		
(a)	Opening balance	48.04	8.55
(b)	Additions during the year	24.87	45.85
(c)	Reductions during the year	32.63	6.36
(d)	Closing balance	40.28	48.04
(iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	51.59	34.20
(b)	Provisions made during the year	39.27	31.94
(c)	Write off/write back of excess provisions	11.38	14.55
(d)	Closing balance	79.48	51.59

(b) Non-Performing Investments

(₹ billion)

	Particulars	2017-18	2016-17
(i)	Net NPIs to Net Investments (%)	0.80%	0.008%
(ii)	Movement of NPIs (Gross)		
(a)	Opening balance	1.63	0.65
(b)	Additions during the year	1.95	1.01
(c)	Reductions during the year	0.54	0.03
(d)	Closing balance	3.04	1.63
(iii)	Movement of Net NPIs		
(a)	Opening balance	0.0042	-
(b)	Additions during the year	0.4554	0.0042
(c)	Reductions during the year	0.0042	-
(d)	Closing balance	0.4554	0.0042
(iv)	Movement of Provisions for NPIs (excluding provisions on standard assets)		
(a)	Opening balance	1.63	0.65
(b)	Provisions made during the year	1.51	1.01
(c)	Write off/write back of excess provisions	0.56	0.03
(d)	Closing balance	2.58	1.63

(c) Non-Performing Assets (a+b)

(₹ billion)

	Particulars	2017-18	2016-17
(i)	Net NPAs to Net Assets (Advances + Investments) (%)	3.60%	4.688%
(ii)	Movement of NPAs (Gross Advances + Gross Investments)		
(a)	Opening balance	101.25	43.40
(b)	Additions during the year	45.19	69.11
(c)	Reductions during the year	23.64	11.26
(d)	Closing balance	122.80	101.25
(iii)	Movement of Net NPAs		
(a)	Opening balance	48.0442	8.55
(b)	Additions during the year	25.3254	45.8542
(c)	Reductions during the year	32.6342	6.36
(d)	Closing balance	40.7354	48.0442
(iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	53.22	34.85
(b)	Provisions made during the year	40.78	32.95
(c)	Write off/write back of excess provisions	11.94	14.58
(d)	Closing Balance	82.06	53.22

5.4 Particulars of Accounts Restructured

(₹ billion)

Sr. No.	Type of Restructuring	Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total		
			Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard		Doubtful	Loss
1	Restructured Accounts as on date of opening of the FY (opening figures)*	No. of borrowers	15	-	11	-	26	-	3	-	5	12	1	9	-	22	53
		Amount outstanding	11.12	-	5.47	-	16.59	-	0.11	-	0.14	8.23	1.09	9.20	-	18.52	35.25
		Provision thereon	3.85	-	3.98	-	7.83	-	0.08	-	0.08	0.90	0.26	6.30	-	7.46	15.37
2	Fresh restructuring / Additions during the year	No. of borrowers	1	-	2	-	3	-	-	-	-	1	2	5	-	8	11
		Amount outstanding	1.24	-	0.58	-	1.82	-	-	-	-	1.07	1.89	4.29	-	7.25	9.07
		Provision thereon	0.54	-	0.76	-	1.30	-	-	-	-	0.17	0.48	4.77	-	5.42	6.72
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	1	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1.09	-	-	1.09	1.09
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.26	-	-	0.26	0.26
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations/Reductions of restructured accounts during the FY	No. of borrowers	6	-	5	-	11	-	1	-	2	7	-	3	-	10	23
		Amount outstanding	7.01	-	3.71	-	10.72	-	0.09	-	0.11	3.87	-	2.08	-	5.95	16.78
		Provision thereon	2.11	-	2.55	-	4.66	-	0.053	-	0.06	0.58	-	1.53	-	2.11	6.83
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	1
		Amount outstanding	-	-	0.73	-	0.73	-	-	-	-	-	-	-	-	-	0.73
		Provision thereon	-	-	0.65	-	0.65	-	-	-	-	-	-	-	-	-	0.65
7	Restructured Accounts as on date of closing of the FY (closing figures)*	No. of borrowers	10	-	7	-	17	-	2	-	3	6	2	11	-	19	39
		Amount outstanding	5.35	-	1.61	-	6.96	-	0.02	-	0.03	5.43	1.89	11.41	-	18.73	25.72
		Provision thereon	2.28	-	1.54	-	3.82	-	0.02	-	0.02	0.49	0.48	9.54	-	10.51	14.35

5.5 Movement of Non-Performing Assets

(₹ billion)

Particulars	2017-18	2016-17
Gross NPAs as on 1 st April (Opening balance)	99.62	42.75
Additions (Fresh NPAs) during the year	40.93	68.10
Interest funding	2.06	(0.39)
Exchange Fluctuation	0.25	-
Sub Total (A)	142.86	110.46
Less:		
(i) Upgradations	3.13	1.55
(ii) Recoveries (excluding recoveries made from upgraded accounts)	5.38	2.70
(iii) Technical/Prudential write offs	14.34	5.31
(iv) Write offs other than those under (iii) above	0.25	0.76
(v) Exchange Fluctuation	-	0.52
Sub Total (B)	23.10	10.84
Gross NPAs as on 31 st March (closing balance) (A-B)	119.76	99.62

Gross NPAs as per Appendix Part C-2 of DBR circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 01, 2015.

5.6 Write-offs and Recoveries

(₹ billion)

Particulars	2017-18	2016-17
Opening balance of Technical/Prudential written off accounts as at 1 st April	6.04	0.75
Add: Technical/Prudential write offs during the year	14.34	5.31
Sub Total (A)	20.38	6.06
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	0.0007	0.02
Closing balance as on 31 st March (A-B)	20.38	6.04

5.7 Overseas Assets, NPAs and Revenue

(₹ billion)

Particulars	2017-18	2016-17
Total Assets	95.26	121.52
Total NPAs	5.62	6.64
Total Revenue	6.99	7.20

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

5.8 Depreciation and Provision on Investments

(₹ billion)

	Particulars	2017-18	2016-17
(1)	Investments		
(i)	Gross Investments	73.11	61.54
a)	In India	73.11	61.54
b)	Outside India	-	-
(ii)	Provision for Depreciation	16.14	10.52
a)	In India	16.14	10.52
b)	Outside India	-	-
(iii)	Net Investments	56.97	51.03
a)	In India	56.97	51.03
b)	Outside India	-	-
(2)	Movement of provision held towards depreciation on investments		
(i)	Opening balance	10.52	5.07
(ii)	Add: Provisions made during the year	5.62	5.47
(iii)	Appropriation, if any, from Investment Fluctuation Reserve Account during the year	-	-
(iv)	Less: Write off/write back of excess provisions during the year	-	0.02
(v)	Less: Transfer, if any, to Investment Fluctuation Reserve Account	-	-
(vi)	Closing balance	16.14	10.52

5.9 Provisions and Contingencies

(₹ billion)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2017-18	2016-17
Provision for depreciation on Investment	5.58	5.50
Provision towards NPA	26.84	17.91
Provision made towards Income tax	(13.06)	2.71
Other Provisions and Contingencies	0.0024	(0.07)

5.10 Provision Coverage Ratio

Particulars	2017-18	2016-17
Provision Coverage Ratio	71.26%	54.54%

6. Investment Portfolio: Constitution and Operations

6.1 Repo Transactions

Current Year:

(₹ billion)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2018
Securities sold under repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-
Securities Purchased under reverse repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-

Previous Year:

(₹ billion)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2017
Securities sold under repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-
Securities Purchased under reverse repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-

6.2 Disclosure of Issuer Composition for Investment in Debt Securities

Current Year:

(₹ billion)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	“Below investment grade” Securities held	“Unrated” Securities held	“Unlisted” Securities held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.032	-	-	0.03	0.03
2	FIs	1.82	1.58	-	0.24	1.82**
3	Banks	0.17	-	-	0.17	0.16
4	Private corporates	29.91	29.85	-	29.91	26.15*
5	Subsidiaries/ Joint ventures	0.0032	-	-	0.0032	0.0032
6	Others	0.50	-	-	-	0.50
7	Provision held towards depreciation [#]	14.45	-	-	-	-
	Total	32.43	31.43	-	30.35	28.67

[#] Only aggregate amount of provision held is disclosed in column 3

^{*} Out of which ₹ 21.61 billion represents investment in security receipts issued by Asset Reconstruction Companies (ARCs) and ₹ 4.19 billion of investments are in shares/debentures acquired as part of loan restructuring.

^{**} Out of which ₹ 1.58 billion were by way of US\$/INR Swap undertaken with RBI approval.

Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

Previous Year:

(₹ billion)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	“Below investment grade” Securities held	“Unrated” Securities held	“Unlisted” Securities held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.04	-	-	0.04	0.04
2	FIs	2.03	1.79	-	0.24	2.03**
3	Banks	0.27	0.10	-	0.17	0.17
4	Private corporates	27.47	27.41	-	27.47	24.94*
5	Subsidiaries/ Joint ventures	0.0032	-	-	0.0032	0.0032
6	Others	0.50	-	-	-	0.50
7	Provision held towards depreciation#	9.92	-	-	-	-
	Total	30.31	29.30	-	27.92	27.68

Only aggregate amount of provision held is disclosed in column 3

* Out of which ₹ 22.13 billion represents investment in security receipts issued by Asset Reconstruction Companies (ARCs) and ₹ 2.76 billion of investments are in shares/debentures acquired as part of loan restructuring.

** Out of which ₹ 1.79 billion were by way of US\$/INR Swap undertaken with RBI approval.

Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive.

6.3 Sale and Transfer to/from HTM Category

There has been no sale or transfer.

7. Details of Financial Assets Purchased/Sold

7.1 Details of Financial Assets sold to Securitisation (SC)/Reconstruction (RC) Company for Asset Reconstruction

A. Details of Sales

(₹ billion)

Sr. No.	Particulars	2017-18	2016-17
(i)	No. of Accounts	-	2
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	-	0.39
(iii)	Aggregate consideration	-	0.34
(iv)	Consideration realised in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/(loss) over net book value	-	(0.05)

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

B. Details of Book value of Investments in Security Receipts

(₹ billion)

Sr. No.	Particulars	Book value of Investments in Security receipts	
		2017-18	2016-17
(i)	Backed by NPAs sold by the Bank as underlying	10.04	13.67
(ii)	Backed by NPAs sold by banks/other financial institutions/non-banking financial companies as underlying	-	-
	Total	10.04	13.67

7.2 Details of Non Performing Financial Assets Purchased/Sold

A. Details of Non Performing financial assets purchased

(₹ billion)

Sr. No.	Particulars	2017-18	2016-17
1)	a) No. of accounts purchased during the year	-	-
	b) Aggregate outstanding	-	-
2)	a) Of these, number of accounts restructured during the year	-	-
	b) Aggregate outstanding	-	-

B. Details of Non Performing financial assets sold

(₹ billion)

Sr. No.	Particulars	2017-18	2016-17
1)	No. of accounts sold	1	-
2)	Aggregate outstanding	1.96	-
3)	Aggregate consideration received	1.71	-

8. Operating Results

Sr. No.	Particulars	2017-18	2016-17
(i)	Interest income as a percentage to average working funds	7.24	7.63
(ii)	Non-interest income as a percentage to average working funds	0.47	0.72
(iii)	Operating profit as a percentage to average working funds	1.70	2.24
(iv)	Return on average assets	(2.42)	0.04
(v)	Net Profit/(Loss) per (permanent) employee (in ₹ billion)	(0.086)	0.001

- 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 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/(loss).

9. Credit Concentration Risk**9.1 Capital Market Exposure**

Sr. No.	Particulars	2017-18	2016-17
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-

(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading;	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	-	-

9.2 Exposure to Country Risk

(₹ billion)

Risk Category	Exposure (net) as at March 2018	Provision held as at March 2018 [®]	Exposure (net) as at March 2017	Provision held as at March 2017 [®]
Insignificant	98.42	-	108.78	-
Low	325.94	-	452.30	-
Moderate	249.59	-	626.28	-
High	97.22	-	73.55	-
Very High	-	-	-	-
Restricted	90.73	-	114.78	-
Off-credit	-	-	-	-
Total	861.90	-	1,375.69	-

[®] The Bank is not required to provide for country concentration risk, as there is no circular addressed to FIs.

9.3 Strategic Debt Restructuring (SDR) Scheme

(₹ billion)

No. of accounts	Aggregate amount outstanding	Amount of exposure converted into equity
2	0.61	0.98

SDR - Change in Ownership Outside SDR Scheme

(₹ billion)

No. of accounts	Aggregate amount outstanding	Amount of exposure converted into equity
1	0.50	0.51

9.4 Exposure on the Scheme for Sustainable Structuring of Stressed Assets (S4A)

(₹ billion)

Particulars	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount Outstanding		Provision Held
			In Part A	In Part B	
Classified as Standard	3	3.22	4.32	3.51	2.14
Classified as NPA	-	-	-	-	-

9.5 Prudential Exposure Limits – Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the Bank

A. The number and amount of exposures in excess of the prudential exposure limits during the year

(₹ billion)

Sr. No.	PAN No.	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as a % to Capital Funds
1.	AAACM5132A	Mangalore Refinery And Petrochemicals Ltd.*	11101	Petrochemicals	Public	22.16	-	19.56
2.	AADCV1810B	VOVL Ltd.*	40201	Oil and Gas	Private	19.16	-	16.91

* Approval of the Board was obtained, for additional exposure of 5% of TCF in line with RBI guidelines

B. Credit exposure as percentage to capital funds and as percentage to total assets

	Particulars	Percentage to Capital Funds*	Percentage to Total Credit Exposure (TCE) [®]	Percentage to Total Assets
i)	Largest single borrower	19.56	1.20	1.79
ii)	Largest borrower group	33.40	2.06	3.06
iii)	20 largest single borrowers	222.36	13.68	20.40
iv)	20 largest borrower groups	282.30	17.37	25.90

*Capital Funds as on March 31, 2017

[®]TCE: Loans + Advances + Unutilised Sanctions + Guarantees + LCs + Credit exposure on account of derivatives.

- 1) Credit exposure to banks and overseas institutions guaranteed by GOI/assumed at the behest of GOI, not considered for single/group borrower exposure.
- 2) There were 2 borrowers as on March 31, 2018 for whom exposure over 15% of capital funds was assumed with the approval of the Board. Exposure to these borrowers as on March 31, 2018 stood at 19.56% and 16.91% of the capital funds of the Bank, respectively.

Previous Year:

	Particulars	Percentage to Capital Funds*	Percentage to Total Credit Exposure (TCE) [®]	Percentage to Total Assets
i)	Largest single borrower	16.01	0.77	1.46
ii)	Largest borrower group	31.45	1.52	2.87
iii)	20 largest single borrowers	193.26	9.35	17.61
iv)	20 largest borrower groups	281.99	13.65	25.70

* Capital Funds as on March 31, 2016

[®]TCE: Loans + Advances + Unutilised Sanctions + Guarantees + LCs + Credit exposure on account of derivatives.

- 1) Credit exposure to banks and overseas institutions guaranteed by GOI/assumed at the behest of GOI, not considered for single/group borrower exposure.
- 2) There was 1 borrower as on March 31, 2017 for whom exposure over 15% of capital funds was assumed with the approval of the Board. Exposure to this borrower as on March 31, 2017 stood at 16.01% of the capital funds of the Bank.

C. Credit exposure to the five largest industrial sectors

	Sector	Percentage to Total Credit Exposure (TCE)	Percentage to Loan Assets
i)	EPC Services	12.26	9.28
ii)	Ferrous Metals and Metal Processing	9.84	7.45
iii)	Petroleum Products	6.87	5.20
iv)	Textiles and Garments	6.10	4.62
v)	Oil and Gas	5.64	4.27

Previous Year:

	Sector	Percentage to Total Credit Exposure (TCE)	Percentage to Loan Assets
i)	EPC Services	10.09	7.49
ii)	Ferrous metals and Metal Processing	9.68	7.18
iii)	Oil and Gas	7.68	5.70
iv)	Textiles and Garments	6.53	4.85
v)	Construction	5.16	3.83

- The “credit exposure” has been reckoned as defined by RBI.
- Credit exposure to banks and overseas institutions guaranteed by GOI/assumed at the behest of GOI, excluded for computing industry exposure.

D. Unsecured Advances

Unsecured advances aggregating ₹ 6.81 billion were secured by corporate/personal guarantees, promissory notes, trust receipts, etc. the estimated value of which is at ₹ 1.74 billion.

E. Factoring Exposures

The Bank had an exposure aggregating ₹ 1.4 billion under factoring arrangement.

F. Exposures where the Bank had exceeded the prudential Exposures Limits during the year

(₹ billion)

Sr. No.	PAN No.	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as a % to Capital Funds
1.	AAACM5132A	Mangalore Refinery And Petrochemicals Ltd.	11101	Petro-chemicals	Public	22.16	-	19.56
2.	AADCV1810B	VOVL Ltd.	40201	Oil and Gas	Private	19.16	-	16.91

There were 2 borrowers as on March 31, 2018 for whom exposure over 15% of capital funds was assumed with the approval of the Board. Exposure to these borrowers as on March 31, 2018 stood at 19.56% and 16.91% of the capital funds of the Bank, respectively.

10. Concentration of borrowings/lines of credit, credit exposures and NPAs

(a) Concentration of borrowings and lines of credit

(₹ billion)

Particulars	2017-18	2016-17
Total borrowings from twenty largest lenders	132.30	103.48
Percentage of borrowings from twenty largest lenders to total borrowings of the Bank	12.70%	10.77%

(b) Concentration of Credit exposures

(₹ billion)

Particulars	2017-18	2016-17
Total exposures to twenty largest borrowers	251.94	206.45
Percentage of exposures to twenty largest borrowers to Total Advances of the Bank	21.82%	19.15%
Total exposure to twenty largest borrowers/customers	251.94	206.45
Percentage of exposures to twenty largest borrowers/customers to Total exposure of the Bank on borrowers/customers	13.68%	9.35%
In the case of Exim Bank, percentage of total of top ten country exposures to total exposures	27.56%	37.30%

Exposure computed based on credit and investment exposure as prescribed vide RBI Master Circular on Exposure norms for financial institutions: DBR.FID.FIC.No.4/01.02.00/2015-16 dated July 01, 2015 and thereafter.

(c) Sector-wise concentration of exposures and NPAs

(₹ billion)

Sr. No.	Sector	2017-18			2016-17		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Domestic Sector	370.61	84.13	23%	356.40	62.02	17%
1	Total Export Finance	330.56	72.65	22%	307.51	60.52	20%
	Agricultural Sector	-	-	-	-	-	-
	<u>Industrial Sector</u>	294.46	61.42	21%	272.88	49.25	18%
	Ferrous Metals & Metal Processing	44.41	21.04	47%	44.26	20.39	46%
	Oil and Gas	-	-	-	7.89	0.93	12%
	Textiles & Garments	41.80	6.61	16%	-	-	-
	Others	208.25	33.77	16%	220.73	27.94	13%
	<u>Services Sector</u>	36.10	11.23	31%	34.63	11.27	33%

(₹ billion)

	Aviation Services	-	-	-	2.94	-	-
	EPC Services	13.61	9.78	72%	14.75	10.04	68%
	Shipping Services	11.54	0.62	5%	9.29	0.62	7%
	Others	10.95	0.83	8%	7.65	0.61	8%
2	Total Import Finance	40.05	11.48	29%	48.89	1.50	3%
	Agricultural Sector	-	-	-	-	-	-
	Industrial Sector	35.20	11.48	33%	41.97	0.01	0.02%
	Ferrous Metals & Metal Processing	1.54	1.54	100%	1.44	-	-
	Oil and Gas	-	-	-	11.37	-	-
	Others	33.66	9.94	29.53%	29.17	0.01	0.02%
	Services Sector	4.85	-	-	6.92	1.49	22%
	EPC Services	0.34	-	-	1.92	1.49	78%
	Shipping Services	3.47	-	-	3.51	-	-
	Others	1.04	-	-	1.49	-	-
3	Of (A), exposures guaranteed by the Government of India	-	-	-	-	-	-
B	External Sector	146.07	35.63	24%	184.67	37.60	20%
1	Total Export Finance	146.07	35.63	24%	184.67	37.60	20%
	Agricultural Sector	-	-	-	-	-	-
	Industrial Sector	114.65	24.68	22%	152.74	25.03	16%
	Ferrous Metals & Metal Processing	24.35	2.39	10%	26.29	1.62	6%
	Oil and Gas	-	-	-	29.98	8.19	27%
	Textiles & Garments	3.20	-	-	-	-	-
	Others	87.10	22.29	26%	96.47	15.22	16%
	Services Sector	31.42	10.95	35%	31.93	12.56	39%
	Aviation Services	-	-	-	5.10	-	-
	EPC Services	10.94	4.50	41%	12.25	4.33	35%
	Shipping Services	4.31	3.37	78%	4.45	3.38	76%
	Others	16.17	3.08	19%	10.13	4.85	48%
2	Total Import Finance	-	-	-	-	-	-
	Agricultural Sector	-	-	-	-	-	-
	Industrial Sector	-	-	-	-	-	-
	Services Sector	-	-	-	-	-	-
3	Of (B), exposures guaranteed by the Government of India	-	-	-	-	-	-
C	Other Exposures[#]	638.12	-	-	536.93	-	-
D	Total Exposures (A+B+C)	1,154.80	119.76	10.37%	1,078.00	99.62	9.24%

[#] includes advances under Lines of Credit, Buyer's Credit - National Export Insurance Account, Concessional Finance Scheme, Refinance to Commercial Banks and Advances Counter-guaranteed by Banks.

11. Derivatives

11.1 Forward Rate Agreement/Interest Rate Swap

(₹ billion)

Sr. No.	Particulars	2017-18		2016-17	
		Hedging	Trading	Hedging	Trading
1.	The Notional Principal of swap agreements	348.12	-	290.75	-
2.	Losses, which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.10	-	0.37	-
3.	Collateral required by the Bank upon entering into swaps	-	-	-	-
4.	Concentration of credit risk arising from Swaps	All transactions fall within approved credit exposure limits	-	All transactions fall within approved credit exposure limits	-
5.	The fair value of the swap book	(11.28)	-	(6.73)	-

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

11.2 Exchange Traded Interest Rate Derivatives

(₹ billion)

Sr. No.	Particulars	Amount
1.	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year	-
2.	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2018	-
3.	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-
4.	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-

11.3 Disclosures on risk exposure in derivatives

A. Qualitative disclosures

- 1) The Bank uses financial derivative transactions predominantly for raising cost-effective funds and hedging its balance sheet exposures, with the objective of reducing market risk. The Bank currently deals only in over-the-counter (OTC) interest rate and currency derivatives, of the type permitted by RBI.
- 2) Derivative transactions carry (i) market risk i.e. the probable loss that the Bank may incur as a result of adverse movements in interest rates / exchange rates and (ii) credit risk i.e. the probable loss the Bank may incur if the counter-parties fail to meet their obligations. The Bank has in place a Derivative Policy approved by the Board, which aims at synchronising the risk management objectives at the transaction level with those of the overall ALM position. The policy defines the use of permitted derivative products consistent with business goals of the Bank, lays down the control and monitoring systems and deals with regulatory, documentation and accounting issues. The policy also prescribes suitable risk parameters to control and manage market risk on derivative trades undertaken in the treasury book (stop-loss limits, open position limits, tenor limits, settlement and pre-settlement risk limits, PV01 limits).
- 3) The ALCO of the Bank oversees management of market risks with support from the Bank's Mid-Office, which measures, monitors and reports market risk associated with derivative transactions.
- 4) All derivative transactions outstanding in the Bank's books as on March 31, 2018 have been undertaken for hedging purposes and are in the ALM book. The income on such transactions has been accounted for on accrual basis.
- 5) Interest Rate Swaps (IRS) and Currency Swaps are not included in Outstanding Forward Exchange Contracts under Contingent Liabilities as per the Derivative Policy.

B. Quantitative Disclosures

(₹ billion)

Sr. No.	Particulars	2017-18		2016-17	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)				
	a) For hedging	392.45	348.12	371.84	290.75
	b) For trading	-	-	-	-
2	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	28.75	11.28	32.72	6.73
3	Credit Exposure	19.42	1.72	21.50	1.64
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	13.54	20.26	13.69	16.44
	b) On trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On hedging				
	(i) Maximum	13.67	20.52	14.66	18.22
	(ii) Minimum	12.77	14.47	13.69	8.98
	b) On trading				
	(i) Maximum	-	-	-	-
	(ii) Minimum	-	-	-	-

12. Letters of comfort issued by the Bank

During the year, the Bank has issued Letter of Comfort to ICICI Bank aggregating ₹ 0.58 billion (previous year to Punjab National Bank aggregating ₹ 2.00 billion). As on March 31, 2018, no financial obligation has arisen on the above commitments. As on March 31, 2018, total Letters of Comfort outstanding aggregate ₹ 2.58 billion.

13. Asset Liability Management

Current Year:

(₹ billion)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Rupee Advances	36.77	22.54	21.41	47.61	39.62	52.22	25.14	32.89	278.20
Rupee Investments	-	0.95	0.07	0.04	2.51	0.11	0.99	52.30	56.97
Rupee Other Assets	25.18	1.61	48.04	23.32	78.64	128.49	102.49	331.79	739.56
Rupee Deposits	0.01	0.004	0.14	21.48	22.00	0.41	0.05	-	44.09
Rupee Borrowings	35.43	5.00	54.75	24.10	57.77	44.23	72.67	143.96	437.91
Rupee Other Liabilities	21.91	22.97	28.73	24.63	78.20	89.99	35.55	193.84	495.82
Foreign Currency Assets	53.35	25.88	37.78	48.05	124.49	254.16	211.44	375.34	1,130.49
Foreign Currency Liabilities	41.09	8.32	45.43	53.50	126.76	284.32	249.88	316.52	1,125.82

Previous Year:

(₹ billion)

Particulars	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Rupee Advances	4.72	10.22	105.12	48.39	47.17	30.41	23.17	37.44	306.64
Rupee Investments	-	0.10	0.57	0.56	0.11	2.85	1.53	45.24	50.96
Rupee Other Assets	26.22	4.71	27.18	17.71	29.87	154.99	95.15	298.10	653.93
Rupee Deposits	1.37	0.02	0.37	23.93	9.50	0.54	0.19	-	35.92
Rupee Borrowings	27.63	0.40	100.89	6.00	7.30	83.27	52.43	158.97	436.89
Rupee Other Liabilities	3.20	4.94	28.81	26.56	33.76	103.78	32.88	194.31	428.24
Foreign Currency Assets	36.95	10.40	39.91	95.66	115.11	185.74	168.12	320.54	972.43
Foreign Currency Liabilities	5.69	2.49	11.08	89.38	90.06	246.75	209.80	304.98	960.23

14. Draw Down from Reserves

The Bank has not drawn any amount from the Reserves.

15. Business Ratios

Particulars	2017-18	2016-17
Return on Equity	(39.94)%	0.62%
Return on Assets	(2.42)%	0.04%
Net Profit/(Loss) per employee (₹ billion)	(0.086)	0.001

16. Disclosure of Penalties Imposed by RBI

There are no penalties imposed by the Reserve Bank of India under the Reserve Bank of India Act, 1934, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the Act, order, rule or condition specified by Reserve Bank of India.

17. Disclosure of Complaints

Customer Complaints

Sr. No.	Particulars	2017-18	2016-17
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	1	2
(c)	No. of complaints redressed during the year	1	2
(d)	No. of complaints pending at the end of the year	-	-

18. Off-Balance Sheet SPVs Sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
-	-

Disclosure as per specific Accounting Standards

19. Details of Fixed Assets

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

(₹ billion)

Particulars	Premises	Others	Total
Gross Block			
Cost as on 31 st March 2017	2.06	1.02	3.08
Additions	0.03	0.12	0.15
Disposals	0.00	0.10	0.10
Cost as on 31 st March 2018 (A)	2.09	1.04	3.13
Depreciation			
Accumulated as on 31 st March 2017	0.92	0.86	1.78
Provided during the year	0.09	0.10	0.19
Eliminated on Disposals	0.00	0.10	0.10
Accumulated as on 31 st March 2018 (B)	1.01	0.86	1.87
Net Block (A-B)	1.08	0.18	1.26

Previous Year:

(₹ billion)

Particulars	Premises	Others	Total
Gross Block			
Cost as on 31 st March 2016	1.73	0.90	2.63
Additions	0.33	0.14	0.47
Disposals	0.00	0.02	0.02
Cost as on 31 st March 2017 (A)	2.06	1.02	3.08
Depreciation			
Accumulated as on 31 st March 2016	0.84	0.79	1.63
Provided during the year	0.08	0.09	0.17
Eliminated on Disposals	0.00	0.02	0.02
Accumulated as on 31 st March 2017 (B)	0.92	0.86	1.78
Net Block (A-B)	1.14	0.16	1.30

20. Accounting for Government Grants

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

21. Segment Reporting

The operations of the Bank predominantly comprise of only one business segment i.e. financial activities and hence, have been considered as representing a single business segment.

The geographic segments of the Bank are categorised as Domestic Operations and International Operations. The categorisation of operations as domestic or international is primarily based on the risk and reward associated with the place of the transaction.

(₹ billion)

Particulars	Domestic Operations		International Operations		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	80.79	85.15	6.99	7.20	87.78	92.35
Assets	1,139.90	1,050.53	95.29	121.54	1,235.19	1,172.07

22. Related Party Disclosures

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

- Relationship

- (i) Joint Ventures:
 - Global Procurement Consultants Limited
 - (ii) Key Managerial Personnel:
 - Shri David Rasquinha (Managing Director – additional charge) (upto August 15, 2017) and (Managing Director) (from August 16, 2017)
 - Shri Debasish Mallick (Deputy Managing Director)
- The Bank's related party balances and transactions are summarised as follows:

(₹ million)

Particulars	Joint Venture		Key Managerial Personnel	
	2017-18	2016-17	2017-18	2016-17
Loans granted	-	-	-	-
Guarantees issued	1.58	-	-	-
Interest received	-	-	-	-
Guarantee commission received	0.004	0.02	-	-
Receipts towards services rendered	0.05	-	-	-
Term Deposit Accepted	-	6.62	-	0.50
Interest on Term Deposits	0.31	0.81	0.42	0.49
Amounts written-off/written-back	-	-	-	-
Term Deposit Outstanding	-	6.62	3.24	3.44
Loans outstanding at year-end	-	-	-	-
Guarantees outstanding at year-end	1.58	3.26	-	-
Investments outstanding at year end	3.23	3.23	-	-
Dividend Received	0.42	0.28	-	-
Maximum Loan outstanding during the year	-	-	-	-
Maximum Guarantees outstanding during the year	4.45	3.26	-	-
Salary including perquisites	-	-	7.32	9.36
Rent paid	-	-	0.30	0.25

23. Accounting for Taxes on Income

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

(₹ billion)

(i)	Tax on Income	1.65
(ii)	Less: Net deferred tax Asset	(14.71)
		(13.06)

(b) Deferred Tax Asset:

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

(₹ billion)

Particulars		
Deferred Tax Assets		
1.	Provision Disallowed (Net)	38.32
2.	Depreciation on Fixed Assets	0.07
		38.39
Less: Deferred Tax Liability		
1.	Amortisation of Bond issue expenses	0.56
2.	Special Reserve created under section 36(1)(viii)	4.56
		5.12
Net Deferred Tax Assets [included in 'Other Assets' in the 'Assets' side of the Balance Sheet]		33.27

24. Financial Reporting of Interest in Joint Ventures**I.**

	Jointly Controlled Entities	Country	Percentage of holding	
			Current Year	Previous Year
A	Global Procurement Consultants Ltd. (GPCL)	India	28%	28%

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

(₹ million)

Liabilities	2017-18	2016-17	Assets	2017-18	2016-17
Capital & Reserves	26.67	24.40	Fixed Assets	0.07	0.09
Loans	-	-	Investments	14.95	10.09
Other Liabilities	8.24	5.62	Other Assets	19.89	19.84
Total	34.91	30.02	Total	34.91	30.02

Contingent Liabilities: NIL (previous year: NIL)

(₹ million)

Expenses	2017-18	2016-17	Income	2017-18	2016-17
Other Expenses	11.36	12.52	Consultancy Income	14.13	15.62
Provisions	1.26	1.26	Interest income and Income from investment	0.34	0.35
Profit after Tax	2.85	2.93	Other Income	1.00	0.74
Total	15.47	16.71	Total	15.47	16.71

Note: Figures for GPCL for FY 2017-18 are unaudited and provisional

25. Impairment of Assets

A substantial portion of the Bank's assets comprise of 'financial assets' to which Accounting Standard 28 "Impairment of Assets" is not applicable. In the opinion of the Bank, there is no impairment of its assets (to which the standard applies) as at March 31, 2018, requiring recognition in terms of the said standard.

26. Employee Benefits

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

A) Amount to be recognised in the Balance Sheet

(₹ billion)

Particulars	Pension Fund	Gratuity
Fair value of Plan Assets at the end of the period	0.952	0.138
Present value of Benefit Obligation at the end of the period	0.907	(0.154)
Funded Status	0.045	(0.016)
Unrecognised past service cost at the end of the period	-	-
Unrecognised transitional liability at the end of the period	-	-
Net Liability recognised in the Balance Sheet	(0.045)	0.016

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

(₹ billion)

Particulars	Pension Fund	Gratuity
Current Service Cost	0.024	0.012
Interest Cost	0.007	0.001
Expected Return on Plan Assets	0.059	0.009
Actuarial Losses/(Gains)	(0.158)	0.003
Past Service Cost – Non-vested Benefit	-	-
Past Service Cost – vested benefit	-	-
Transitional liability	-	-
Expense recognised in Profit and Loss Account	(0.127)	0.016
Contributions by Employer	(0.011)	(0.019)

C) Summary of Actuarial Assumptions

Particulars	Pension Fund	Gratuity
Discount Rate (p.a.)	7.70%	7.85%
Expected Rate of Return on Assets (p.a.)	7.70%	7.85%
Salary Escalation Rate (p.a.)	7.00%	7.00%

In addition to the above, for the year FY 2017-18 the amount of Defined Benefit Obligation of Leave Encashment works out to ₹ 0.072 billion, however provision for an amount of ₹ 0.099 billion has already been made, hence, no further provision is required.

27. In terms of SEBI circular dated October 29, 2013 the contact details of the Debenture Trustee for various Bonds issued by Export-Import Bank of India is as given below:

DEBENTURE TRUSTEE**AXIS Trustee Services Ltd.**

Designated Person: Mr. Jayendra P. Shetty, Chief Operating Officer

Address:

Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025.

Tel.: (022) 6226 0050/54

Fax: (022) 2425 3000

E-mail: debenturetrustee@axistrustee.com

Website: www.axistrustee.com

28. Previous year's figures have been regrouped, wherever necessary.

For and on behalf of the Board

Shri Debasish Mallick
Deputy Managing Director

Shri T. S. Tirumurti

Shri Rajeev Rishi

Shri David Rasquinha
Managing Director

Shri Pankaj Jain

Smt. Geetha Muralidhar

Shri Rajnish Kumar

As per our attached report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Regn. No. 110417W

(CA N. D. Anklesaria)
Partner
M. No. 010250

Mumbai, May 18, 2018



**THE EXPORT
DEVELOPMENT FUND**

DIRECTORS' REPORT

As per Section 15 of the Export-Import Bank of India Act, 1981 (Exim Bank Act), Exim Bank, with effect from such date as the Central Government may, by notification, appoint, shall establish a special fund to be called the Export Development Fund (EDF). The EDF was duly notified by the Central Government on March 31, 1986, and was accordingly established as on the same date.

The Central Government, on March 31, 1986, transferred an initial corpus of ₹ 100 million to the EDF. Subsequently, the Central Government transferred further amounts of ₹ 35 million on March 23, 1987, and ₹ 6.52 million on March 29, 1989. This corpus, along with interest accrued by way of investment, and net of tax paid to the Central Government, had grown to an aggregate bank balance of ₹ 350.60 million by March 31, 1996. Out of the total EDF corpus, an amount of ₹ 250 million was transferred, with Board and GOI approval, to a Reserve, termed the 'Sinking Fund (SF) Reserve', under the Bank's General Fund. The purpose of the SF Reserve was to absorb losses pertaining to Exim Bank's lending under export Lines of Credit (LOCs) / Buyer's Credit, which did not enjoy insurance cover from the Export-Credit Guarantee Corporation of India (ECGC). Since March 31, 1997, up to March 31, 2018, the total assets of EDF have grown to ₹ 8.60 billion.

As per the Statement of Objects and Reasons in the Bill placed before the Parliament seeking setting up of Export-Import Bank of India, the Export Development Fund is to be utilised mainly for the purposes of research, training, survey, market intelligence, etc. in connection with the country's international trade as well as for financing proposals which are unlikely to be supported by banks and financial institutions. Utilisation of the EDF is governed by Section 17 of the Exim Bank Act, as under:

Section 17(1) of the Act permits Exim Bank to (inter alia) extend loans and advances in or outside India for the purpose of exports, with the prior approval of the Central Government.

Section 17(2) of the Act requires that Exim Bank, prior to seeking such approval of the Central Government, shall satisfy itself that "..... banking or financial institutions or other agencies are not likely to grant such loan or advance, or to enter into any such arrangement in the ordinary course of business."

Section 17(3) of the Act mandates that before giving its approval, the Central Government shall satisfy itself that such a facility would be necessary as a matter of priority in the interests of the international trade of India.

The EDF, thus, offers itself as a useful avenue for the GOI to facilitate international trade and cross-border investment related activities that may not be amenable to standard financing by Exim Bank or other bank / financial institutions.

The Department of Financial Services (DFS), Ministry of Finance conveyed the approval of the Central Government under Section 17 (1) of the Exim Bank Act, for domiciling in the EDF a Buyer's Credit Facility (under NEIA) of ₹ 9 billion for extending to select Iranian banks for financing export of goods and services from India to Iran. Pursuant to receipt of all necessary approvals, the EDF, on December 23, 2014, concluded an umbrella Framework Agreement with seven Iranian banks for a Buyer's Credit Facility of ₹ 9 billion with a tenure of up to 12 years, including a moratorium of up to 4 years, to finance the export of goods and services from India to Iran. The Buyer's Credit Facility to the Iranian banks is backed by Sovereign Guarantee of the Government of Iran.

Subsequently, DFS conveyed its approval to enhancement of the facility covered under the Framework Agreement from ₹ 9 billion to ₹ 30 billion. Accordingly, the EDF, on

May 04, 2016, entered into an Amendatory Agreement to the Framework Agreement with the aforesaid seven Iranian banks for the enhanced facility of ₹ 30 billion. The facility amount of ₹ 30 billion is envisaged for financing import of steel rails from India, and development of the Chabahar port. The modalities of utilisation of the credit will be decided in accordance with the Framework Agreement.

Under the Framework Agreement, the first contract for an aggregate value of ₹ 8.19 billion, for supply of 150,000 tonnes of steel rails from India to the Railway of the Islamic Republic of Iran through the Bank of Industry and Mine, Iran, has since been approved under the Buyer's Credit Facility. As of March 31, 2018, disbursements aggregating ₹ 8.11 billion have been made under the contract by the EDF. Pending receipt of approval for a

GOI guarantee for raising funds in the EDF, the disbursements are being funded by the EDF out of an interim loan provided by the Bank's General Fund. Financing for the balance steel rails contract, and the contract for the Chabahar Port project are at various stages of negotiation/finalisation.

At the instance of the Iranian side, a proposal for purchase of six (6) Pneumatic Ship-Unloaders valued at EUR 12.88 million for Chabahar Port Development Project has been approved. Implementation is underway.

Profit before tax of the Export Development Fund during FY 2017-18 was ₹ 114.54 million as against ₹ 101.67 million during FY 2016-17. After providing for tax of ₹ 39.64 million, the post-tax profit amounted to ₹ 74.90 million, as against ₹ 66.49 million during FY 2016-17. The profit ₹ 74.90 million is carried forward to next year.

INDEPENDENT AUDITOR'S REPORT

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of the Export Development Fund of the Export-Import Bank of India ('the Bank'), which comprises of the Balance Sheet as at 31st March, 2018 and the Profit and Loss Account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Management of the Bank is responsible for the preparation of the financial statements in accordance with the Export-Import Bank of India Act, 1981 ('the Act') and the Regulations framed thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information in accordance with the requirements of the Act and the Regulations framed thereunder and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Export Development Fund of the Bank as at 31st March, 2018;
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended 31st March 2018.
- ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

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

Report on Other Legal and Regulatory Matters:

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of the Act and the Regulations framed thereunder.

9. We report that:

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

11. We further report that:

- i) The Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns.
- ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.

For **SORAB S. ENGINEER & CO.**
Chartered Accountants
 Firm Registration No. 110417W

CA N. D. ANKLESARIA
PARTNER
 MEMBERSHIP NO. 10250

Mumbai, 18th May, 2018.

BALANCE SHEET AS AT 31ST MARCH, 2018**EXPORT DEVELOPMENT FUND**

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
LIABILITIES		
1. Loans:		
a) From Government	-	-
b) From Other Sources	6,932,011,546	5,374,610,504
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	951,143,165	309,162,861
5. Profit and Loss Account	585,967,085	511,063,467
Total	8,597,429,583	6,323,144,619
ASSETS		
1. Bank Balances:		
a) In current accounts	116,549	163,809
b) In other deposit accounts	-	204,000,000
2. Investments	-	-
3. Loans and Advances:		
a) In India	-	-
b) Outside India	8,116,580,978	5,809,030,094
4. Bills of Exchange and Promissory Notes Discounted, Rediscounted:		
a) In India	-	-
b) Outside India	-	-
5. Other Assets:		
a) Accrued interest on:		
i) Loans and Advances	238,400,353	98,617,251
ii) Investments/bank balances	-	10,301,762
b) Advance Income Tax paid	242,331,703	201,031,703
c) Others	-	-
Total	8,597,429,583	6,323,144,619

EXPORT DEVELOPMENT FUND

	This year (As at 31.03.2018) ₹	Previous year (As at 31.03.2017) ₹
CONTINGENT LIABILITIES		
i) Acceptances, Guarantees, Endorsements and other obligations	-	-
ii) On outstanding forward exchange contracts	-	-
iii) On underwriting commitments	-	-
iv) Uncalled Liability on partly paid investments	-	-
v) Claims on the Bank not acknowledged as debts	-	-
vi) Bills for collection	-	-
vii) On participation certificates	-	-
viii) Bills Discounted/Rediscounted	-	-
ix) Other monies for which the Bank is contingently liable	-	-

Note:

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

For and on behalf of the Board

Shri Debasish Mallick
Deputy Managing Director

Shri T. S. Tirumurti

Shri Rajeev Rishi

Shri David Rasquinha
Managing Director

Shri Pankaj Jain

Smt. Geetha Muralidhar

Shri Rajnish Kumar

As per our attached report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Regn. No. 110417W

(CA N. D. Anklesaria)
Partner
M. No. 010250

Mumbai, May 18, 2018

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018**EXPORT DEVELOPMENT FUND**

	This year ₹	Previous year ₹
EXPENDITURE		
1. Interest	555,196,969	90,924,855
2. Other Expenses	3,143,189	794,779
3. Profit carried down	114,545,618	101,673,294
Total	672,885,776	193,392,928
Provision for Income Tax	39,642,000	35,187,000
Balance of profit transferred to Balance Sheet	74,903,618	66,486,294
	114,545,618	101,673,294
INCOME		
1. Interest and Discount:		
a) loans and advances	663,567,960	98,617,251
b) investments/bank balances	4,697,714	43,277,262
2. Exchange, Commission, Brokerage and Fees	4,620,102	51,498,415
3. Other Income	-	-
4. Loss carried to Balance Sheet	-	-
Total	672,885,776	193,392,928
Profit brought down	114,545,618	101,673,294
Excess Income/Interest tax provision of earlier years written back	-	-
	114,545,618	101,673,294

For and on behalf of the Board

Shri Debasish Mallick
Deputy Managing Director**Shri T. S. Tirumurti****Shri Rajeev Rishi****Shri David Rasquinha**
Managing Director**Shri Pankaj Jain****Smt. Geetha Muralidhar****Shri Rajnish Kumar**As per our attached report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Regn. No. 110417W**(CA N. D. Anklesaria)**
Partner
M. No. 010250

Mumbai, May 18, 2018

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