

EXPORT-IMPORT BANK OF INDIA

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 Equipment	25%
Other Electrical Equipment	25%
Computers and Computer Software	25%
Motor Vehicles	25%
Mobile Phones and other electronics items subject to rapid technological obsolescence	33.33%

- (c) In respect of assets acquired during the year, depreciation is provided for the entire year in the year of purchase and in respect of assets sold during the year, no depreciation is provided in the year of sale.
- (d) When a depreciable asset is disposed of, discarded, demolished or destroyed, the net surplus or deficit is adjusted in 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 bn (previous year ₹ 44.57 bn) held on agency account including a sum of ₹ 40.48 bn (previous year ₹ 40.27 bn) assigned to Government of India (GOI) are not included in the above Balance Sheet.

2. Income-Tax

The capital of the Bank is wholly subscribed by the Central Government and the Bank does not have any share capital. The balance of profit transferable to 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 bn (previous year ₹ 2.01 bn), yet to be cancelled in the books.

(b) Claims not acknowledged as debts

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

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

(i) The outstanding forward exchange contracts as at March 31, 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 amortized over the life of the contracts. Any profit or loss arising on cancellation of forward exchange contracts is recognized as income / expense for the year.

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

(d) Profit / Loss on Exchange fluctuation

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



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 –**

(₹ bn)

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**

(₹ bn)

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

(b) **Floating Provisions**

(₹ bn)

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**

(₹ bn)

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

	(₹ bn)	
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
(i) 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
(ii) 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)

	(₹ bn)	
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

Sr. No.	Type of Restructuring Asset Classification	Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total
			Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	
			15	-	11	-	2	-	3	-	12	1	9	-	
1	Restructured Accounts as on date of opening of the FY (opening figures)*	No. of borrowers Amount outstanding Provision thereon	11.12 3.85	-	5.47	-	0.03	-	0.11	-	8.23	1.09	9.20	-	53
2	Fresh restructuring / Additions during the year	No. of borrowers Amount outstanding Provision thereon	1 1.24 0.54	-	2 0.58 0.76	-	-	-	-	-	0.90	0.26	6.30	-	35.25
3	Upgradations to restructured standard category during the FY	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	1.07	1.89	4.29	-	15.37
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	-	-	-	-	-	-	-	-	0.17	0.48	4.77	-	11
5	Downgradations/Reductions of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	6 7.01 2.11	-	5 3.71 2.55	-	1 0.02 0.004	-	1 0.09 0.053	-	7 3.87 0.58	-	3 2.08 1.53	-	9.07
6	Write-offs of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	-	-	1 0.73 0.65	-	-	-	-	-	-	-	-	-	6.72
7	Restructured Accounts as on date of closing of the FY (closing figures)*	No. of borrowers Amount outstanding Provision thereon	10 5.35 2.28	-	7 1.61 1.54	-	1 0.01 0.002	-	2 0.02 0.02	-	6 5.43 0.49	2 1.89 0.48	11 11.41 9.54	-	25.72
															14.35



5.5 Movement of Non-performing assets

(₹ bn)

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

(₹ bn)

Particulars	2017-18	2016-17
Opening balance of Technical / Prudential written off accounts as at April 1	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

(₹ bn)

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

(₹ bn)

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

(₹ bn)

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:

(₹ bn)

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:

(₹ bn)

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

(₹ bn)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	"below investment grade" Securities held	"unrated" Securities held	"unlisted" Securities Held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.032	--	--	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 to be disclosed in column 3

[#] Out of which ₹ 21.61 bn represents investment in security receipts issued by Asset Reconstruction Companies (ARCs) and ₹ 4.19 bn of investments are in shares / debentures acquired as part of loan restructuring.

** Out of which ₹ 1.58 bn were by way of USD / INR Swap undertaken with RBI approval.

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

Previous Year:

(₹ bn)

Sr. No.	Issuer	Amount	Amount of			
			Investment made through private placement	"below investment grade" Securities held	"unrated" Securities held	"unlisted" Securities Held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	0.04	--	--	0.04	0.04
2	FIs	2.03	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 to be disclosed in column 3

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

** Out of which ₹ 1.79 bn were by way of USD / 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 / 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 / Reconstruction Company for Asset Reconstruction

A. Details of Sales

(₹ bn)

Sr.	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

(₹ bn)

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

(₹ bn)

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	--	--

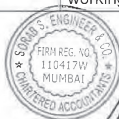
B. Details of non performing financial assets sold

(₹ bn)

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 ₹ bn)	(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.

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**

(₹ bn)

Risk Category	Exposure (net) as at March 2018	Provision held as at March 2018 ^(a)	Exposure (net) as at March 2017	Provision held as at March 2017 ^(a)
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	-

(^(a)) The Bank is not required to provide for country concentration risk, as there is no circular addressed to Fls.

9.3 **Strategic Debt Restructuring (SDR) Scheme**

(₹ bn)

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

SDR - Change in Ownership Outside SDR Scheme

(₹ bn)

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)**

(₹ bn)

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

(₹ bn)

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 Limited *	11101	Petrochemicals	Public	22.16	-	19.56%
2.	AADCV1810B	Videocon Oil Ventures Limited *	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 bn were secured by corporate/personal guarantees, promissory notes, trust receipts, etc. the estimated value of which is at ₹ 1.74 bn.

E. Factoring Exposures

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

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

Sr. No	PAN No.	Borrower Name	Industry Code	Industry Name	Sector	Amount Funded	Amount Non-Funded	Exposure as a % to Capital Funds
1.	AAACM 5132A	Mangalore Refinery And Petrochemicals Limited	11101	Petrochemicals	Public	22.16	-	19.56%
2.	AADCV1 810B	Videocon Oil Ventures Limited	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

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

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.

(c) Sector-wise concentration of exposures and NPAs

(₹ bn)

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	-	-	-	-	-	-
	Industrial Sector	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%
	Services Sector	36.10	11.23	31%	34.63	11.27	33%
	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, BC-NEIA, Concessional Finance Scheme, refinance to commercial banks and advances counter-guaranteed by banks



11. DERIVATIVES

11.1 Forward Rate Agreement / Interest Rate Swap

(₹ bn)

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

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 synchronizing the risk management objectives at the transaction level with those of the overall ALM position. The policy defines the use of permitted derivative products consistent with business goals of the Bank, lays down the control and monitoring systems and deals with regulatory, documentation and accounting issues. The policy also prescribes suitable risk parameters to control and manage market risk on derivative trades undertaken in the treasury book. (stop-loss limits, open position limits, tenor limits, settlement and pre-settlement risk limits, PV01 limits).



3. The ALCO of the Bank oversees management of market risks with support from the Bank's Mid-Office, which measures, monitors and reports market risk associated with derivative transactions.

4. All derivative transactions outstanding in the Bank's books as on March 31, 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

(₹ bn)

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 bn (previous year to Punjab National Bank aggregating ₹ 2.00 bn). 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 bn.



13. ASSET LIABILITY MANAGEMENT

Current Year:

(₹ bn)

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:

(₹ bn)

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 Per Employee (₹ bn)	(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 noncompliance 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.

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:

(₹ bn)			
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

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

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.

(₹ bn)					
Particulars	Domestic Operations		International Operations		Total
	2017-18	2016-17	2017-18	2016-17	2017-18
Revenue	80.79	85.15	6.99	7.20	87.78
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 Disclosures 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 Banks' related party balances and transactions are summarised as follows:

(₹ mn)				
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:

	(₹ bn)
(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:

Particulars	(₹ bn)
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	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:

(₹ mn)

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)

(₹ mn)

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 Institute of Chartered Accountants of India (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

(₹ bn)

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	0	0
Unrecognised transitional liability at the end of the period	0	0
Net Liability recognised in the Balance Sheet	(0.045)	0.016

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

(₹ bn)

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	0	0
Past Service Cost – vested benefit	0	0
Transitional liability	0	0



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 2017-18 the amount of Defined Benefit Obligation of Leave Encashment works out to ₹ 0.072 bn, however provision for an amount of ₹ 0.099 bn 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

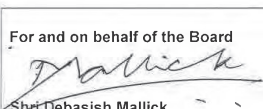

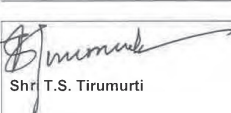
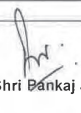
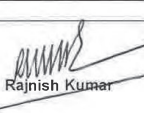


AXIS Trustee Services Ltd.

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
Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com

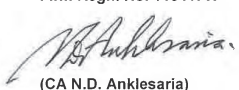
28. Previous year's figures have been regrouped, wherever necessary.

For and on behalf of the Board  Shri Debasish Mallick Deputy Managing Director		 Shri David Rasquinha Managing Director	
 Shri T.S. Tirumurti	 Shri Bankaj Jain	 Shri Rajnish Kumar	
 Shri Rajeev Rishi	 Ms. Geetha Muratidhar		

Mumbai
Dated: May 18, 2018



For Sorab S Engineer & Co.
Chartered Accountants
Firm Regn. No. 110417W


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

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

TELEPHONE : +91 22 2282 48 11
 +91 22 2204 08 61
EMAIL : sorabsengineer@yahoo.com
 ssemum@ssecoco.in
WEB : www.ssecoco.in



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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, 2017 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 judgments 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Management, as well as evaluating the overall presentation of the financial statements.



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

BRANCH : 909, ATMA HOUSE, OPP. RESERVE BANK OF INDIA, ASHRAM ROAD, AHMEDABAD-380 009.
TELEPHONE : +91 79 2658 4304 • FAX : +91 79 2658 9710 • EMAIL : sseahm@ssecoco.in

SORAB S. ENGINEER & CO. (Regd.)

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, 2017;
- (ii) In the case of the Profit and Loss Account, of the profit for the year ended 31st March, 2017; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended 31st March, 2017.

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.
- (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:

- (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.

Mr. N.D. Anklesaria
For SORAB S. ENGINEER & CO.
Chartered Accountants
Firm Registration No. 110417W

N.D. Anklesaria
CA N.D. ANKLESARIA
PARTNER
MEMBERSHIP NO. 10250
Place : New Delhi
Date : 17th May, 2017



EXPORT-IMPORT BANK OF INDIA

BALANCE SHEET AS AT 31ST MARCH, 2017





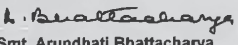

		<u>GENERAL FUND</u>	
<u>Previous year</u> <u>(As at 31.03.2016)</u>		<u>This year</u> <u>(As at 31.03.2017)</u>	
₹	<u>LIABILITIES</u>		₹
		<u>SCHEDULES</u>	
63,59,36,63,881	1. Capital	I	68,59,36,63,881
51,27,43,80,950	2. Reserves	II	51,64,51,99,126
31,58,00,000	3. Profit & Loss Account	III	4,13,00,000
7,58,41,57,35,967	4. Notes, Bonds & Debentures		8,06,92,95,54,112
-	5. Bills Payable		-
20,95,79,76,444	6. Deposits	IV	3,72,64,34,552
1,53,79,20,93,951	7. Borrowings	V	1,50,07,27,77,722
54,22,33,25,895	8. Current Liabilities		
49,60,45,40,404	& Provisions for contingencies		46,63,75,52,503
	9. Other Liabilities		44,42,72,10,251
11,52,17,75,17,492	Total		11,72,07,36,92,147
	<u>ASSETS</u>		
54,43,77,72,262	1. Cash & Bank Balances	VI	36,90,88,66,611
53,55,53,03,809	2. Investments	VII	51,02,92,94,879
9,79,91,73,21,381	3. Loans & Advances	VIII	10,17,15,99,83,605
11,25,00,00,000	4. Bills of Exchange and Promissory	IX	9,25,00,00,000
1,00,18,49,707	Notes Discounted/Rediscounted	X	1,29,83,67,915
52,01,52,70,333	5. Fixed Assets	XI	56,42,71,79,137
	6. Other Assets		
11,52,17,75,17,492	Total		11,72,07,36,92,147

contd2



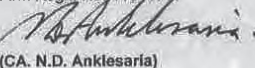
		GENERAL FUND	
<u>Previous Year</u>		<u>This Year</u>	
<u>(As at 31.03.2016)</u>		<u>(As at 31.03.2017)</u>	
₹	CONTINGENT LIABILITIES	₹	
	(i) Acceptances, Guarantees, endorsements & other obligations	78,17,77,13,070	
63,03,56,84,000	(ii) On outstanding forward exchange contracts	3,57,32,12,731	
1,60,67,93,100	(iii) On underwriting commitments	-	
-	(iv) Uncalled Liability on partly paid investments	15,26,77,850	
16,09,36,200	(v) Claims on the Bank not acknowledged as debts	1,97,10,00,000	
1,85,10,00,000	(vi) Bills for collection	-	
-	(vii) On participation certificates	-	
-	(viii) Bills Discounted/Rediscounted	-	
-	(ix) Other monies for which the Bank is contingently liable	47,27,49,58,286	
53,00,91,68,100			
1,19,66,35,81,400	Total	1,31,14,95,61,937	

'Notes to Accounts' attached.

For and on behalf of the Board	
 Shri David Rasquinha Managing Director (Additional Charge)	 Shri Debasish Mallick Deputy Managing Director
 Shri Pankaj Jain	 Dr. M. D. Patra
 Smt. Arundhati Bhattacharya	 Smt. Geetha Muralidhar

Place : New Delhi
Dated : May 17, 2017



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

EXPORT-IMPORT BANK OF INDIA

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2017

Previous Year	EXPENDITURE	SCHEDULES	GENERAL FUND
			This Year
₹			₹
60,22,05,21,575	1. Interest		65,02,23,07,778
55,74,65,467	2. Credit Insurance, fees and charges		62,80,67,389
57,34,98,843	3. Staff Salaries, Allowances etc. and Terminal Benefits		56,39,29,962
-	4. Directors' and Committee Members' Fees and Expenses		-
10,08,000	5. Audit Fees		10,08,000
18,01,82,761	6. Rent, Taxes, Electricity and Insurance Premia		21,32,15,395
4,11,07,755	7. Communication expenses		4,38,15,361
4,68,59,764	8. Legal Expenses		7,80,86,494
73,33,31,105	9. Other Expenses	XII	82,56,36,786
15,83,50,644	10. Depreciation		17,09,33,494
20,76,47,54,808	11. Provision for loan losses/contingencies depreciation on investments		21,67,99,74,939
4,53,32,41,885	12. Profit carried down		3,12,63,82,006
87,81,03,22,607	Total		92,35,33,57,604
1,37,55,39,641	Provision for Income Tax [net of Deferred tax credit of ₹ 4,052,096,329 (previous year - deferred tax credit of ₹ 6,276,735,814)]		2,71,42,63,830
3,15,77,02,244	Balance of profit transferred to Balance Sheet		41,21,18,176
4,53,32,41,885			3,12,63,82,006
	INCOME		
82,93,75,52,343	1. Interest and Discount	XIII	84,41,08,89,852
2,67,96,35,294	2. Exchange, Commission, Brokerage and Fees		4,68,79,69,751
2,19,31,34,970	3. Other Income	XIV	3,25,44,98,001
-	4. Loss carried to Balance Sheet		-
87,81,03,22,607	Total		92,35,33,57,604
4,53,32,41,885	Profit brought down		3,12,63,82,006
-	Excess Income/Interest tax provision of earlier years written back		-
4,53,32,41,885			3,12,63,82,006

Notes to Accounts attached.

For and on behalf of the Board

Shri David Rasquinha
Managing Director
(Additional Charge)

Shri Pankaj Jain

A. B. Bhattacharya
Smt. Arundhati Bhattacharya

Shri Debasish Mallick
Deputy Managing Director

Dr. M. D. Patra

Smt. Geetha Muralidhar

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

Place : New Delhi
Dated : May 17, 2017



EXPORT-IMPORT BANK OF INDIA
SCHEDULES TO THE BALANCE SHEET

Previous Year (As at 31.03.2016) ₹	GENERAL FUND This Year (As at 31.03.2017) ₹
Schedule I :	Capital :
<u>1,00,00,00,00,000</u>	<u>1,00,00,00,00,000</u>
63,59,36,63,881	68,59,36,63,881
Schedule II :	Reserves :
35,67,90,61,886	1. Reserve Fund 36,04,98,80,062
-	2. General Reserve -
-	3. Other Reserves :
1,95,53,19,064	Investment Fluctuation Reserve -
13,64,00,00,000	Sinking Fund (Lines of Credit) 1,95,53,19,064
<u>51,27,43,80,950</u>	4. Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 <u>13,64,00,00,000</u>
	<u>51,64,51,99,126</u>
Schedule III :	Profit & Loss Account :
3,15,77,02,244	1. Balance as per annexed accounts 41,21,18,176
	2. Less: Appropriations:
52,59,02,244	- Transferred to Reserve Fund 37,08,18,176
-	- Transferred to Investment Fluctuation Reserve -
14,60,00,000	- Transferred to Sinking Fund -
2,17,00,00,000	- Transferred to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 -
<u>31,58,00,000</u>	3. Balance of the net profits (Transferable to the Central Government in terms of Section 23(2) of the EXIM Bank Act, 1981) <u>4,13,00,000</u>
Schedule IV :	Deposits:
20,95,79,76,444	(a) In India 3,72,64,34,552
-	(b) Outside India -
<u>20,95,79,76,444</u>	<u>3,72,64,34,552</u>

contd ...2



(2)

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 :

27,98,22,59,380

(a) In India

27,62,64,27,635

1,25,80,98,34,571

(b) Outside India

1,22,44,63,50,087

1,53,79,20,93,9511,50,07,27,77,722**Schedule VI :****Cash & Bank Balances :**

4,41,091

1. Cash in Hand

5,04,612

1,16,61,98,086

2. Balance with Reserve Bank of India

24,20,81,708

3. Balances with other Banks:

(a) In India

1,92,33,68,204

i) in current accounts

78,23,30,730

17,23,51,50,000

ii) in other deposit accounts

26,50,00,000

32,86,35,04,658

(b) Outside India

35,61,89,49,561

1,24,91,10,223

4. Money at call and short notice / Lending under CBLO

54,43,77,72,26236,90,88,66,611

contd3



(3)		
Schedule VII:	Investments: <i>(net of diminution in value, if any)</i>	
30,641,326,101	1. Securities of Central and State Governments	30,635,592,765
1,925,667,391	2. Equity Shares & Stocks	2,646,452,566
24,667,500	3. Preference Shares and Stocks	23,234,000
19,963,642,817	4. Notes, Debentures and Bonds	17,224,015,548
1,000,000,000	5. Others	500,000,000
53,555,303,809		51,029,294,879
Schedule VIII :	Loans & Advances:	
311,369,649,152	1. Foreign Governments	325,481,477,107
	2. Banks:	
118,556,386,266	(a) In India	145,670,664,885
-	(b) Outside India	10,573,270
	3. Financial Institutions:	
-	(a) In India	-
29,378,726,376	(b) Outside India	29,630,693,336
520,612,559,587	4. Others	516,366,575,007
979,917,321,381		1,017,159,983,605
Schedule IX :	Bills of Exchange and Promissory Notes Discounted/Rediscounted:	
11,250,000,000	(a) In India	9,250,000,000
-	(b) Outside India	-
11,250,000,000		9,250,000,000

contd ...4



Mr. S. B.

(4)

Schedule X :**Fixed Assets :
(At cost less depreciation)**

1,69,97,06,684	1. Premises	1,73,45,22,255
3,48,15,571	Gross Block b/f	32,95,06,302
-	Additions during the year	-
1,73,45,22,255	Disposals during the year	2,06,40,28,557
84,71,75,825	Gross Block as at the end of the year	92,81,84,582
88,73,46,430	Accumulated Depreciation	1,13,58,43,975
	Net Block	
84,57,35,505	2. Others	89,68,80,632
8,49,37,149	Gross Block b/f	13,50,03,614
3,37,92,022	Additions during the year	1,88,25,084
89,68,80,632	Disposals during the year	1,01,30,59,162
78,23,77,355	Gross Block as at the end of the year	85,05,35,222
11,45,03,277	Accumulated Depreciation	16,25,23,940
	Net Block	
1,00,18,49,707		1,29,83,67,915

Schedule XI :**Other Assets :**

10,12,03,23,475	1. Accrued interest on	10,79,10,54,440
13,60,61,31,376	a) investments / bank balances	14,15,13,86,600
3,36,66,234	b) loans and advances	3,72,38,334
9,42,59,82,298	2. Deposits with sundry parties	7,93,08,45,159
18,82,91,66,950	3. Advance Income Tax paid (net)	23,51,66,54,604
	4. Others [including Deferred tax asset of ₹ 18,567,743,802 (previous year - ₹ 14,515,647,472)]	
52,01,52,70,333		56,42,71,79,137

Schedule XII :**Other Expenses :**

4,60,65,093	1. Export Promotion Expenses	3,43,30,480
1,84,24,976	2. Expenses on and related to Data Processing	1,45,47,043
16,97,54,863	3. Repairs and Maintenance	19,72,15,272
1,07,41,599	4. Printing and Stationery	1,22,61,031
48,83,44,574	5. Others	56,72,82,960
73,33,31,105		82,56,36,786

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M. G.


(5)			
Schedule XIII :	Interest and Discount :		
52,84,67,06,783	1. Interest and Discount on loans		54,46,25,92,775
30,09,08,45,560	and advances/bills discounted/rediscounted		29,94,82,97,077
	2. Income on Investments/bank balances		
82,93,75,52,343			84,41,08,89,852
Schedule XIV :	Other Income :		
1,93,78,20,580	1. Net Profit on sale/		3,10,85,52,970
	revaluation of investments		
3,03,034	2. Net Profit on sale of land,		9,44,930
25,50,11,356	buildings and other assets		14,50,00,101
	3. Others		
2,19,31,34,970			3,25,44,98,001


Note : Deposits under 'Liabilities' [ref. Schedule IV (a)] include 'on shore' foreign currency deposits aggregating USD 39.66 mn. (Previous year USD 294.11 mn.) 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 ₹16.72 bn) on account of swaps. Investments under 'Assets' [ref. Schedule VII 4.] include bonds aggregating ₹ 1.79 bn (Previous year ₹ 1.99 bn) on account of swaps.





Cash Flow Statement for the year ended March 31, 2017		
	Amount (₹ mn)	
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from Operating Activities		
Net Profit before tax and extra-ordinary items	3,126.4	4,533.2
Adjustments for		
- (Profit)/Loss on sale of fixed assets (Net)	(0.9)	(0.3)
- (Profit)/Loss on sale of Investments (Net)	(3,108.6)	(1,937.8)
- Depreciation	170.9	158.4
- Discount/Expenses on bond issues written off	229.2	152.7
- Transfer from Investment Fluctuation Reserve	-	-
- Provisions/Write Off of Loans/Investments & other provisions	21,680.0	20,764.8
- Others - to specify	-	-
	22,097.0	23,671.0
Adjustments for		
- Other Assets	(2,040.7)	(4,648.0)
- Current liabilities	(33,434.1)	(12,462.4)
Cash generated from operations	(13,377.8)	6,560.6
Payment of income tax/interest tax	(6,280.2)	(7,675.3)
Net cash flow from Operating activities	(19,658.0)	(1,114.7)
Cash flow from Investing activities		
- Net purchase of fixed assets	(466.5)	(118.9)
- Net change in investments	5,634.6	(1,797.4)
Net cash used in / raised from Investing activities	5,168.1	(1,916.3)
Cash Flow from Financing activities		
- Equity capital infusion	5,000.0	13,000.0
- Loans borrowed (net of repayments made)	27,519.5	1,45,746.9
- Loans lent, bills discounted and rediscounted (net of repayments received)	(35,242.7)	(1,42,067.6)
- Dividend on equity shares and tax on dividend	(315.8)	(4,330.0)
(Balance of Net profits transferred to Central Government)		
Net cash used in / raised from Financing activities	(3,039.0)	12,349.3
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(17,528.9)	9,318.3
OPENING CASH AND CASH EQUIVALENTS	54,437.8	45,119.5
CLOSING CASH AND CASH EQUIVALENTS	36,908.9	54,437.8


For and on behalf of the Board



 Shri David Rasquinha
 Managing Director
 (Additional Charge)


 Shri Pankaj Jain

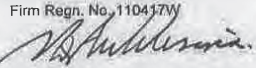

 Smt. Arundhati Bhattacharya


 Shri Debasish Mallick
 Deputy Managing Director


 Dr. M. D. Patra


 Smt. Geetha Muralidhar

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

Place : New Delhi
 Dated : May 17, 2017

EXPORT-IMPORT BANK OF INDIA

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 DBR.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, 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 Equipment	25%
Other Electrical Equipment	25%
Computers and Computer Software	25%
Motor Vehicles	25%
Mobile Phones and other electronics items subject to rapid technological obsolescence	33.33%

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



Ms. Co.

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 ₹ 44.57 bn (previous year ₹ 45.54 bn) held on agency account including a sum of ₹ 40.27 bn (previous year ₹ 41.15 bn) assigned to Government of India (GOI) are not included in the above Balance Sheet.

2. Income-Tax

The capital of the Bank is wholly subscribed by the Central Government and the Bank does not have any share capital. The balance of profit transferable to 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 ₹ 2.01 bn (previous year ₹ 1.92 bn), yet to be cancelled in the books.

(b) Claims not acknowledged as debts

The amount of ₹ 1.97 bn (previous year ₹ 1.85 bn) shown under Contingent Liabilities as "Claims on the Bank not acknowledged as debts", pertains to claims/counter-claims filed against the Bank mostly by Bank's defaulting borrowers in response to legal action initiated against them by the Bank. None of the claims / counter-claims is considered as maintainable in the opinion of Bank's solicitors and none of them has reached the stage of final hearing. Based on professional advice, no provision is considered necessary.

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

(i) The outstanding forward exchange contracts as at March 31, 2017 have been fully hedged. The Bank undertakes derivatives transactions (Interest Rate Swaps, Forward Rate Agreements and Currency-cum-interest rate swaps), for the purpose of Asset-Liability management as per RBI guidelines issued vide circular Ref. No. MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999 and thereafter. The Bank also unwinds and re-enters such transactions based on requirements/market conditions. The outstanding derivative transactions are captured in the interest rate sensitivity position, which is monitored by the Asset Liability Management Committee (ALCO) and reviewed by the Board. The credit equivalent of derivatives is arrived at as per 'Current Exposure' method prescribed by RBI. The fair value and the price value of a basis point (PV01) of derivatives are disclosed separately in the 'Notes to Accounts' as stipulated by RBI. The premium or discount arising at inception of forward exchange contracts is amortized over the life of the contracts. Any profit or loss arising on cancellation of forward exchange contracts is recognized as income / expense for the year.

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

d) Profit / Loss on Exchange fluctuation

Assets and liabilities denominated in foreign currency are translated at the exchange rate notified by the Foreign Exchange Dealers' Association of India (FEDAI) at year end. Income and expenditure items are translated at the average rates of exchange during the year. The notional profit on such translation of the retained earnings on FC operations during the current year is ₹ 0.22 bn (previous year ₹ 0.12 bn).

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

