



Export-Import Bank of India

Annual Report
2015-16

Strengthening Partnerships for Sustainable Development and Prosperity

Global partnerships have evolved as the world increasingly focuses on sustainable development and shared prosperity. In an increasingly globalized world, sustainable development can be achieved through collaboration among state and non-state partners, including international organizations, development banks, aid agencies, governments at all levels, business, academia, think tanks, civil society organizations, among others. Such partnerships generate employment and economic opportunities for all segments of the population. India has successfully carved its place in the global arena as a partner in economic development; and initiatives by institutions like Exim Bank of India highlight such endeavors. Over the years, the Bank has forged important partnerships with other like-minded institutions the world over.

The cover page of this Annual Report reflects the theme of partnerships between countries and institutions for sustainable development with the symbolic representation of intertwining threads leading to the formation of a strong rope. With Exim Bank's support, Indian companies, execute sustainable projects across sectors and across geographies assisting people who are at the bottom of the pyramid. The Bank is actively engaging with different partners to attain the objective of helping to raise the living standard of partner countries through strategic intervention. Green bonds issued by the Bank (the first international issue from India) would support green financing and the Bank's intervention in financing renewable energy will go a long way in supporting environment friendly and sustainable infrastructure in partner countries; a win-win situation for the partner country as well as India and the global community. A large number of projects supported by Exim Bank overseas have changed the socio-economic landscape of partner countries in generating employment, upgrading transport infrastructure by constructing road and railways, providing food and energy security and improving healthcare services, enhancing connectivity through telecommunication, among others. In addition, many of these projects support employment and growth of manufacturing sector in India, as major components of inputs in these projects are secured from India, thus consistently supporting initiatives of the Government such as 'Make in India.'

Exim Bank is committed towards strengthening such partnerships, focusing on sustainable development and strategically maximising socio-economic benefits.

Exim Bank is proud to be an active partner of the Government of India's initiatives of hosting the BRICS Annual Meeting and the African Development Bank's Annual Meetings in 2016 and 2017, respectively.

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Board of Directors



Shri Yaduvendra Mathur
Chairman & Managing Director
Export-Import Bank 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 Amar Sinha
Secretary
Economic Relations & DPA
Ministry of External Affairs



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



Shri Kishor Kharat
Managing Director & CEO
IDBI Bank Ltd.



Ms. Geetha Muralidhar
Chairman cum Managing Director
ECCG Ltd.



Shri David Rasquinha
Deputy Managing Director
Export-Import Bank of India



Shri Debasish Mallick
Deputy Managing Director
Export-Import Bank of India



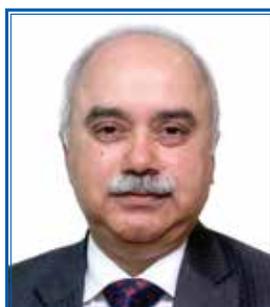
Dr. Arvind Subramanian
Chief Economic Adviser
Department of Economic Affairs
Ministry of Finance



Shri Pankaj Jain
Joint Secretary
Department of Financial Services
Ministry of Finance



Smt. Arundhati Bhattacharya
Chairperson
State Bank of India



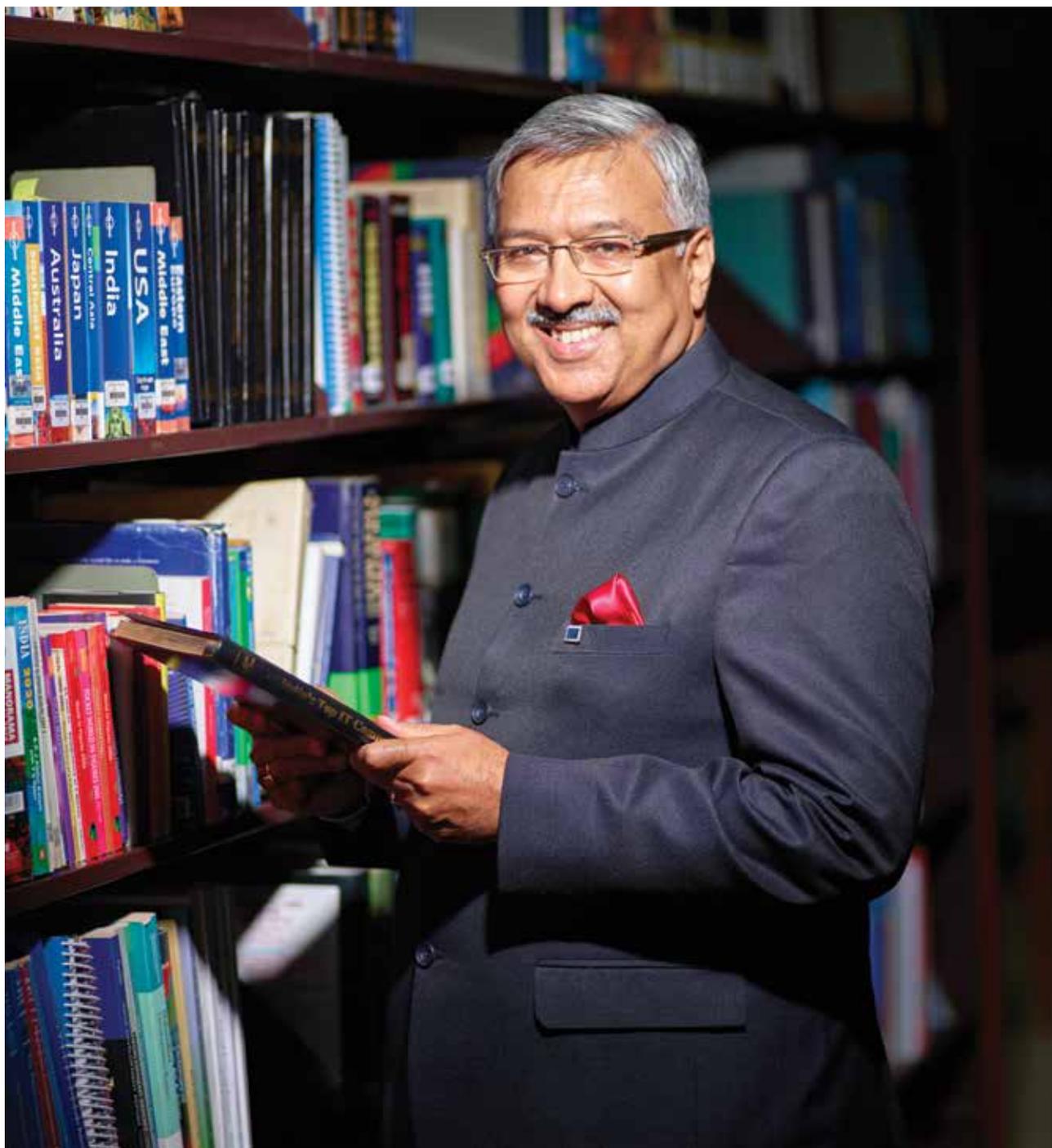
Shri Rajeev Rishi
Chairman & Managing Director
Central Bank of India



Smt. Usha Ananthasubramanian
Managing Director & CEO
Punjab National Bank

(As on May 18, 2016)

Chairman's Statement



The year gone by posed several challenges to the global economy, which was reflected, *inter alia*, by uneven growth and a decline in world trade. The Indian economy, however, stood out amidst the turmoil in developed countries and emerging markets and was one of the fastest growing major economies of the world. For India's banking sector, the year was not an ordinary one. In the backdrop of a global slowdown, increasing non-performing

loans saw banks grappling with a sluggish industrial growth and sharply deteriorating corporate results. While stress in the corporate sector has shown some signs of moderation, the risks of low demand and weak debt servicing capacity remain. As a result, though Exim Bank withstood the turbulence of the past year in terms of operating results, it has reported lower net profit for the year. The Reserve Bank of India has initiated a string of measures to

improve the health of the financial sector and strong leadership for reforms are expected to stabilise the corporate sector soon.

Exim Bank has vigorously pursued with its mission to promote Brand India and support Indian companies in their globalisation efforts. Over the last two years there has been firm support from the Government of India in the form of regular infusion of capital in the Bank and this is expected to be maintained as the role and expectations from the institution have been scaled up, especially for strategic project exports. Exim Bank continues to maintain healthy capital to risk assets ratio and credit ratings on par with the sovereign.

Business Initiatives

The Bank's balance sheet has now crossed the ₹ 1 trillion mark. Our Lines of Credit have been extended to 63 countries in the developing world for financing crucial infrastructure projects in sectors as diverse as power, roads, health systems and information and communication technology. Indian project exporters have made further inroads with the help of Buyer's Credit from Exim Bank under the National Export Insurance Account (NEIA). The number of countries on the positive list of the NEIA increased from 53 to 78 in the year, with scope for further additions. The Bank has a ready pipeline of projects for similar support in the future, with contracts at various stages of negotiation.

Additionally, the Government of India has introduced a financing scheme to enable Exim Bank offer concessional finance to strategically important infrastructure projects outside India. The first such loan has been approved under this scheme, for the Maitree Super Thermal Power Project in Bangladesh. It is a matter of pride and satisfaction that Indian companies are increasingly securing large value contracts abroad, especially in the infrastructure space.

Steps have been taken to operationalise the Export Development Fund, a special fund created by the Government of India and administered by Exim Bank. The Fund has concluded an umbrella Framework Agreement with seven Iranian banks for

a Buyer's Credit facility of ₹ 30 billion to finance the export of goods and services from India to Iran. It is envisaged that the facility will be used to finance the import of steel rails from India, and the development of the Chabahar port in Iran.

Exim Bank is committed to expanding the footprint of Indian project expertise across the globe, through funded and non-funded assistance, as well as advisory services. The Bank offers funding solutions for setting up new export oriented units, their expansion, modernisation, purchase of equipment, and also research and development. Our lending programmes for export capability creation and overseas investment finance have led to several success stories in the past decades. Indian companies have availed of finance from Exim Bank to fund their overseas investments in sectors as diverse as engineering goods, paper products, oil and gas, chemicals, software and textiles; in countries spread from Australia to Romania to Antigua. Exim Bank is proud of select Indian corporates which have scaled new heights in partnership with the Bank.

Exim Bank, at the same time, is conscious of a responsibility towards rural India. It is our endeavour that rural India receives its due share of the pie that the India story has to offer. The Bank supports the globalisation of enterprises based in rural areas of the country. For over a decade now, the Bank has assisted micro, small and medium enterprises with marketing support for their products in overseas markets. Our efforts in this direction have yielded positive results, and products such as Manipur black pottery, Chennapatna wooden products, Kolhapuri footwear, tribal art, handicrafts and handloom products, among many others, have found their way to various markets. 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. The Bank's success in generating export orders for Indian manufacturers and rural entrepreneurs is a matter of immense satisfaction vis-à-vis our promotional role.

The Bank has also had to address key issues related to product development and design. In

addition to cities, the Bank reached out to small towns in interior India, organising workshops on a variety of subjects. The Bank provided a platform to rural artisans to display and sell their products in several fairs and exhibitions attracting international customers.

In terms of resources, Exim Bank maintained its stature in the international debt and capital markets. The first dollar denominated bonds out of India in 2016 were issued by Exim Bank. The Bank diversified into a new currency by venturing into CNH bonds.

Research and Analysis

Research and Analysis has always been an important focus area for Exim Bank. The Bank's research studies on regions, sectors and trade policy are well received in government and academic circles in the country. This year, our studies on trade potential with various regions covered Cambodia, Lao PDR, Myanmar, Vietnam (together known as 'CLMV'), China, Iran, Pakistan, Russia, Turkey, Southern Africa, West Africa and Latin America. Sectoral studies included defence equipment, leather, organic products and steel. Among contemporary issues, the Bank brought out a study called '*International Solar Alliance: Nurturing Possibilities*', which outlined challenges and strategies towards achieving greater electrification amongst member countries of the International Solar Alliance. The Bank is committed to expand its research and analysis into both traditional and modern subjects of relevance to the external sector.

Institutional Interaction

With an exemplary track record as a consultant, the Bank continues to be awarded consultancy assignments in developing countries. The International Trade Centre, Geneva, awarded the Bank an assignment on building institutional capacity for export credit and insurance, to enhance trade competitiveness in Rwanda. The assignment was awarded under its *Supporting Indian Trade and Investment for Africa Project*. The Commonwealth Secretariat commissioned Exim Bank to assist the Sri Lanka Export Credit Insurance Corporation to operationalise recommendations made in an earlier assignment, also undertaken by Exim Bank.

Exim 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, Exim Bank organised a series of seminars on business opportunities in projects funded by the World Bank and 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.

In recent years, the Bank has deepened its reach in the African continent. *The Africa-India Partnership Day* organised by Exim Bank is among the most well attended events held at the Annual Meetings of the African Development Bank (AfDB) Group. The year also witnessed the third edition of the India-Africa Forum Summit held at New Delhi, the largest ever gathering of African leaders in India. The announcement of a US\$ 10 billion line of credit at the summit reinforced the significance of Africa for India. Exim Bank organised a *Focus Africa* seminar during the summit, which attracted eminent persons from governments, institutions and the business world. The Bank held the inaugural meeting of the Kukuza Project Development Company (KPDC), set up to facilitate Indian participation in infrastructure projects in Africa, on the sidelines of the Summit. KPDC is a joint venture floated by Exim Bank, AfDB, IL&FS and State Bank of India.

Exim Bank had taken the lead in forming the Asian Exim Banks Forum in 1996. In its twentieth year, the Forum evolved as an effective mechanism for economic co-operation and sharing best practices in various aspects of export credit agency operations.

India has the presidency of the BRICS Forum for 2016, with Exim Bank being the nominated member development bank from India under the BRICS Interbank Co-operation Mechanism. The Bank entered into a multilateral co-operation agreement with development banks of the BRICS nations, expressing intent to engage with the New Development Bank promoted by member countries.

Board of Directors

There have been changes on the Board of the

Bank. Ms. Rita Teotia, Commerce Secretary, Department of Commerce, Ministry of Commerce & Industry, Shri Rajeev Rishi, Chairman & Managing Director, Central Bank of India, Shri B.K. Batra, Deputy Managing Director, IDBI Bank Ltd., Shri Kishor Kharat, Managing Director & CEO, IDBI Bank Ltd., Shri Alok Tandon, Joint Secretary, Ministry of Finance, Department of Financial Services, Smt. Usha Ananthasubramanian, Managing Director & CEO, Punjab National Bank, Shri Pankaj Jain, Joint Secretary, Department of Financial Services, Ministry of Finance, Shri Amar Sinha, Secretary (Economic Relations), Ministry of External Affairs, and Shri Ramesh Abhishek, Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, have been appointed as Directors on the Board.

Smt. V. R. Iyer, Chairman & Managing Director, Bank of India, Shri M.S. Raghavan, Chairman & Managing Director, IDBI Bank Ltd., Shri Rajeev Kher, Secretary, Department of Commerce, Ministry of Commerce &

Industry, Shri B.K. Batra, Deputy Managing Director, IDBI Bank Ltd., Shri Alok Tandon, Joint Secretary, Ministry of Finance, Department of Financial Services, Ms. Sujata Mehta, Secretary (Economic Relations), Ministry of External Affairs, and Shri Amitabh Kant, Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, relinquished their directorships consequent upon completion of their term or change in office. The Bank gratefully acknowledges their invaluable contributions as Directors.

A year is but a milestone in the journey of an organisation. Now in the 35th year of its existence, Exim Bank will have to address the new reality of a fall in world trade on the one hand and the unprecedented increase in stressed assets in India on the other. The Bank has continuously evolved over the years, adapting its role and functions to the changing order of the global and domestic markets. I have no doubt that Team Exim Bank is geared up to face the challenges of the present.



Yaduvendra Mathur
Chairman & Managing Director

Management



Sitting from Left to Right- Harsha Bangari, Deepali Agrawal, Rima Marphatia, Debasish Mallick, Yaduvendra Mathur, David Rasquinha, Sangeeta Sharma, Sunita Sindwani, Manjiri Bhalerao, Daya Chandrabhas

Standing from Left to Right- Nadeem Panjetan, Prahalathan Iyer, Mukul Sarkar, Sriram Subramaniam, Sudatta Mandai, David Sinate, Gaurav Bhandari, Utpal Gokhale, Samuel Joseph



C. P. Ravindranath Menon
(Currently on deputation to
New Development Bank, Shanghai)