

2013-2014
ANNUAL REPORT

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
MUMBAI BRANCH

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
BALANCE SHEET AS ON MARCH 31, 2014**

	Schedule No.	As at 31-Mar-14 (` in Thousands)	As at 31-Mar-13 (` in Thousands)
CAPITAL AND LIABILITIES			
Capital	1	4,554,480	4,554,480
Reserves and Surplus	2	494,599	263,443
Deposits	3	2,255,173	1,771,016
Borrowings	4	1,639,632	1,085,700
Other Liabilities and Provisions	5	132,598	113,158
Total		9,076,482	7,787,797
ASSETS			
Cash and Balances with Reserve Bank of India	6	233,119	117,677
Balances with Banks and Money at Call and Short Notice	7	2,979,349	3,147,667
Investments	8	1,377,379	1,037,775
Advances	9	4,356,264	3,372,107
Fixed Assets	10	20,524	30,925
Other Assets	11	109,847	81,646
		9,076,482	7,787,797
Contingent Liabilities	12	20,429,855	3,261,277
Bills for Collection		-	-
Significant Accounting Policies and Notes to Accounts	18		

The schedules referred above form an integral part of the Balance Sheet

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Reg. No: 105146W

For and on behalf of
**INDUSTRIAL AND COMMERCIAL
BANK OF CHINA LIMITED
MUMBAI BRANCH**

R V Chaniyari

Partner

Membership No. F-31083

Sun Xiang

Chief Executive Officer

He Hu

Deputy General Manager

Place: Mumbai

Date: June 13,2014

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2014

	Schedule No.	Year ended 31-Mar-14 (` in Thousands)	Year ended 31-Mar-13 (` in Thousands)
INCOME			
Interest Earned	13	861,250	578,312
Other Income	14	103,592	18,263
Total		964,842	596,575
EXPENDITURE			
Interest Expended	15	209,553	56,607
Operating Expenses	16	271,389	234,487
Provisions and Contingencies	17	252,744	141,097
Total		733,686	432,191
Net Profit for the Year after tax		231,156	164,384
		231,156	164,384
APPROPRIATIONS			
Transfer to Statutory Reserve		57,789	41,096
Transfer to/(from) Investment fluctuation Reserve		(1,668)	1,668
Transfer to Remittable Surplus retained in India for CRAR		175,035	121,620
Balance carried over to Balance Sheet		-	-
		231,156	164,384
Significant Accounting Policies and Notes to Accounts	18		

The schedules referred above form an integral part of the Profit and Loss Account

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	(` in Thousands) As on 31-Mar-14	(` in Thousands) As on 31-Mar-13
SCHEDULE 1 - CAPITAL		
HEAD OFFICE ACCOUNT		
Opening balance	4,554,480	4,554,480
Additions during the year	-	-
Closing balance	<u>4,554,480</u>	<u>4,554,480</u>
Amount (Face Value) of deposit kept in form of securities with RBI under section 11(2)(b) of the Banking Regulation Act, 1949	70,000	2,000
	<u>70,000</u>	<u>2,000</u>
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVES		
Opening balance	65,861	24,765
Additions during the year	57,789	41,096
Closing balance	123,650	65,861
II. CAPITAL RESERVES		
Opening balance	-	-
Additions during the year	-	-
Closing balance	-	-
III. INVESTMENT FLUCTUATION RESERVE		
Opening balance	1,668	-
Additions during the year	-	1,668
Transfer to Profit and Loss Account	(1,668)	-
Closing balance	-	1,668
IV. REVENUE AND OTHER RESERVES		
Opening balance	-	-
Additions during the year	-	-
	-	-

V. Remittable Surplus Retained in India for CRAR

Opening balance	195,914	74,294
Addition during the year	175,035	121,620
	<u>370,949</u>	<u>195,914</u>

VI. Balance in Profit and Loss Account

	-	-
	<u>494,599</u>	<u>263,443</u>

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

	(` in Thousands) As on 31-Mar-14	(` in Thousands) As on 31-Mar-13
SCHEDULE 3 - DEPOSITS		
A. In India		
I. DEMAND DEPOSITS		
From banks	-	-
From others	732,393	474,884
II. SAVINGS BANK DEPOSITS	2,591	3,517
III. TERM DEPOSITS	-	-
From banks	-	-
From others	1,520,189	1,292,615
	<u>2,255,173</u>	<u>1,771,016</u>
B.		
(i) Deposits of branches in India	2,255,173	1,771,016
(ii) Deposits of branches outside India	-	-
	<u>2,255,173</u>	<u>1,771,016</u>

SCHEDULE 4 - BORROWINGS

I. BORROWINGS IN INDIA

Reserve Bank of India	-	-
Other banks	-	-

Other institutions and agencies	-	-
II. BORROWINGS OUTSIDE INDIA	1,639,632	1,085,700
	1,639,632	1,085,700
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interest accrued	29,281	47,270
IV. Others [includes provision toward standard assets Rs.21,876 thousand (Previous year Rs.13,488 thousand)]	91,933	65,888
V. Provison for Tax (net of advance tax)	11,384	-
	132,598	113,158
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	301	877
II. Balances with Reserve Bank of India		
i) In current account	232,818	116,800
ii) In other accounts	-	-
Total I and II	233,119	117,677

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

	(` in Thousands) As on 31-Mar-14	(` in Thousands) As on 31-Mar-13
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
Balances with banks		
i) In current accounts	9,162	12,249

iii) In other deposit accounts	-	3,009,562
Money at call and short notice		
i) With banks	2,310,000	-
ii) With other institutions	-	-
	2,319,162	3,021,811
II. Outside India		
i) In current accounts	60,687	125,856
ii) In other deposit accounts	599,500	-
iii) Money at call and short notice	-	-
	660,187	125,856
	2,979,349	3,147,667

SCHEDULE 8 - INVESTMENTS

I. Investment in India in		
i) Government Securities *	1,377,379	1,037,775
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
	1,377,379	1,037,775
II. Investment outside India in		
i) Government Securities (including local authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
vi) Others	-	-
	1,377,379	1,037,775
III. Gross value of Investment	1,438,490	1,037,775
Less: Aggregate of Provisions / Depreciation	(61,111)	-
Net Investments	1,377,379	1,037,775

* includes investment with RBI under section 11(2)(b) face value of Rs.70,000 thousand.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	(` in Thousands) As on 31-Mar-14	(` in Thousands) As on 31-Mar-13
SCHEDULE 9 - ADVANCES		
A.		
i) Bills purchased and discounted	122,387	134,049
ii) Cash credits, overdraft and loan repayable on demand	1,797,459	1,813,058
iii) Term loans	2,436,418	1,425,000
	<u>4,356,264</u>	<u>3,372,107</u>
B.		
i) Secured by tangible assets	2,986,418	-
ii) Covered by bank/governments guarantees	886,887	3,361,661
iii) Unsecured	482,959	10,446
	<u>4,356,264</u>	<u>3,372,107</u>
C.		
I. Advances in India		
i) Priority sector	1,150,440	147,107
ii) Public sector	-	-
iii) Banks	-	-
iv) Others	3,205,824	3,225,000
	<u>4,356,264</u>	<u>3,372,107</u>
II. Advances Outside India		
i) Due from banks	-	-
ii) Due from others		
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
	<u>-</u>	<u>-</u>
	<u>4,356,264</u>	<u>3,372,107</u>

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	(` in Thousands) As on 31-Mar-14	(` in Thousands) As on 31-Mar-13
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SCHEDULE 10 - FIXED ASSETS

I. PREMISES

At cost as on 31 March of the preceding year	24,339	24,396
Additions during the year	-	-
Deductions during the year	-	57
	<u>24,339</u>	<u>24,339</u>
Depreciation to date	<u>12,572</u>	<u>7,686</u>
Total Net Book Value I	<u>11,767</u>	<u>16,653</u>

II. OTHER FIXED ASSETS (Including Furniture and Fixtures)

At cost as on March 31 of the preceding year	24,862	23,873
Additions during the year	1,581	989
Deductions during the year	-	-
	<u>26,443</u>	<u>24,862</u>
Depreciation to date	<u>17,686</u>	<u>10,590</u>
Total Net Book Value II	<u>8,757</u>	<u>14,272</u>
Net Book Value I and II	<u>20,524</u>	<u>30,925</u>

SCHEDULE 11 - OTHER ASSETS

I. Inter-office adjustments (net)	-	-
II. Interest accrued	79,513	41,202
III. Advance Tax (net of provision for tax)	-	3,940
IV. Stationery and Stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset (Net)	6,988	5,784
VII. Others	23,346	30,720
	<u>109,847</u>	<u>81,646</u>

SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	11,543,944	-

IV. Liability on account of outstanding Derivative Contract (including spot)	59,950	1,086,400
V. Guarantees given on behalf of constituents		
a) In India	8,303,178	2,015,696
b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	522,783	159,181
VII. Other items for which the bank is contingently liable	-	-
	20,429,855	3,261,277

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

	(` in Thousands) Year Ended 31-Mar-14	(` in Thousands) Year Ended 31-Mar-13
SCHEDULE 13 - INTEREST EARNED		
Interest/discount on advances/bills	575,928	279,985
Income on investments	113,373	51,303
Interest on balances with the Reserve Bank of India and other inter-bank funds	171,949	247,024
Others	-	-
	861,250	578,312
SCHEDULE 14 - OTHER INCOME		
Commission, exchange and brokerage	125,776	15,309
Net Profit/(Loss) on sale of investments	-	2,040
Net Profit/(Loss) on revaluation of investments	-	-
Profit on sale of land, building and other assets	-	-
Less: Loss on sale of land, building and other assets	-	-
Net profit/(Loss) on exchange transactions	(24,313)	906
Income earned by way of dividends etc. from subsidiaries, companies and/ or joint ventures abroad/in India	-	-
Miscellaneous Income	2,129	8
	103,592	18,263

**SCHEDULE 15 - INTEREST
EXPENDED**

Interest on deposits	194,751	33,345
Interest on Reserve Bank of India/interbank borrowings	14,802	23,262
Others	-	-
	209,553	56,607

**SCHEDULE 16 - OPERATING
EXPENSES**

Payments to and provisions for employees	186,794	150,865
Rent, taxes and lighting	41,608	39,941
Printing and stationery	654	791
Professional Fees	1,947	5,348
Advertisement and publicity	3,180	4,293
Bank Charges	-	-
Depreciation on Bank's property	11,981	11,690
Director's fee, allowances and expenses	-	-
Auditors' fees and other expenses	1,065	1,062
Law charges	-	-
Postage, telegram, telephones etc.	7,715	7,515
Repairs and maintenance	2,177	1,691
Insurance	2,691	1,117
Other expenditure	11,577	10,175
	271,389	234,487

**SCHEDULE 17 - PROVISIONS AND
CONTINGENCIES**

Provision for Depreciation on Investment	61,111	-
Provision for Standard Assets	8,456	11,683
Provision for Country Risk	2,381	-
Provision for income tax and wealth tax :		
Income Tax	182,000	134,179
Deferred Tax	(1,204)	(4,765)
	252,744	141,097

Schedule – 18 - Significant Accounting Policies and Notes to Accounts

I. Background:

Industrial and Commercial Bank of China Limited (“The Bank”) has been granted licence by Reserve Bank of India (RBI) to carry on banking business in India. The Bank’s Mumbai branch has commenced its operation from September 2011. The bank engages in comprehensive banking business including Corporate Banking, Retail banking and Investment Banking. The Bank’s name has been included in the Second Schedule to The Reserve Bank of India Act, 1934 vide Notification DBOD IBD.No.8137/23.03.026/2011-12 dated December 01, 2011 published in the Gazette of India (part III – section 4).

II. Significant Accounting Policies:

1. Basis of preparation

The accompanying financial statements have been prepared in accordance with the requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by Reserve Bank of India (RBI) from time to time. These are drawn up using the generally accepted accounting principles on accrual system of accounting and follow the historical cost convention basis and also conform to the statutory provisions and practices prevailing within the Banking Industry in India as also Accounting Standards (‘AS’) prescribed by the Companies (Accounting Standards) Rules, 2006 and amendments thereto, read with General Circular 08/2014 dated April 04, 2014 issued by Ministry of Corporate Affairs, to the extent applicable.

2. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates and these differences are recognized prospectively in the current and future periods.

3. Investments

(i) Classification

In accordance with Reserve Bank of India (‘RBI’) guidelines, all investments are categorised as ‘Held to Maturity’, or ‘Held for Trading’ or ‘Available for Sale’.

Investments that the Bank intends to hold to maturity are classified as ‘Held to Maturity’. Investments that are held principally for resale within ninety days from the date of purchase are classified as ‘Held for Trading’. All other investments are classified as ‘Available for Sale’. An Investment is classified as ‘Held to Maturity’, ‘Available for Sale’ or ‘Held for Trading’ at the time of its purchase.

(ii) Valuation

Investments classified as ‘Held to Maturity’ are carried at their acquisition cost. The premium paid on acquisition of debt instruments, if any, is amortised over the period remaining to maturity. Investments classified as ‘Available for Sale’ are marked to market at quarterly intervals based on market price of the scrip as available from the trades/ quotes on the stock exchanges, SGL account

transactions, price list of RBI, prices declared by Primary Dealers Association of India (PDAI) jointly with the Fixed Income Money Market and Derivatives Association of India (FIMMDA) periodically. The net depreciation, if any, on a transaction basis is recognized in the Profit and Loss account and the net appreciation, if any, is not recognized.

Investments classified as 'Held for Trading' are marked to market on monthly basis and depreciation, if any, on a transaction basis is recognized in the Profit and Loss account. The net appreciation, if any, is not recognized.

Treasury Bills, being discounted instruments are valued at carrying cost. Discount to face value of the instrument is recognised over remaining period to maturity.

(iii) Acquisitions Cost

- Brokerage, commission, etc., paid at the time of acquisition of securities are charged to Profit and Loss Account.
- Broken period interest on debt instruments is treated as revenue item.

(iv) Disposal of Investments

Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Statement of Profit and Loss. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Statement of Profit and Loss to "Capital Reserve" in accordance with the RBI Guidelines.

4. Advances

Advances are classified as performing and non-performing based on management's periodic internal assessment as RBI prudential norms. Specific provision for 'Non Performing Advances' is made on the basis of provisioning requirement under the prudential norms as laid down by the RBI, and is deducted from Advances. The Bank also maintains a general loan loss provision on Standard Advances and Derivative Exposures at rate as prescribed by RBI and provision for country risk in accordance with RBI guidelines and are included in Schedule 5 ('other Liabilities and provision').

5. Foreign Currency transactions and balances

Transactions denominated in foreign currencies are accounted for at the rates prevailing on the dates of transactions. Monetary foreign currency assets and liabilities are translated at the balance sheet date at the standard exchange rate determined by the Bank. All profits and losses resulting from the year end revaluation and exchange differences arising on the transactions settled during the year are recognised in the Profit and Loss Account.

Contingent Liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange as determined by the bank as at the Balance Sheet date.

Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts

The income recognition is done as per AS-11 on "The Effects of changes in Foreign exchange Rates" and the guidelines issued by RBI/FEDAI from time to time.

The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability.

Derivative contracts designated as hedges are not marked to market unless their underlying asset or liability is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

6. Fixed Assets & Depreciation

Fixed assets are stated at cost less accumulated depreciation. The Bank capitalizes all costs relating to acquisition and installation of fixed assets. However, fixed assets costing less than Rs.5,000/- are expensed out.

Carrying amounts of cash generating assets are reviewed at each balance sheet date to determine whether there is any impairment. Impairment loss, if any, is recognised in the profit and loss account whenever the carrying amount exceeds the recoverable amount.

Depreciation on fixed assets is provided on pro-rata basis over the period of the estimated useful life of the asset on Straight Line Method, subject to the minimum rate of depreciation prescribed in Schedule XIV to the Companies Act, 1956.

The fixed assets are depreciated as per the rates given in the table below:

Assets	Depreciation Rate
Furniture & Fixtures	20%
Office Equipment	20%
Computers Hardware	33.33%
Leasehold	Over the primary lease period

7. Revenue Recognition

- (i) Interest Income on Advances is recognised on accrual basis except in case of Non-Performing Assets, where income is recognized on actual realisation as per RBI guidelines.
- (ii) Arrangement fee is accounted for on completion of the agreed service and when right to receive is established.
- (iii) Fees and Commission is recognised on realisation basis.

8. Employee benefits

Gratuity

The Bank operates a Gratuity Fund Scheme and the contributions are remitted to the Trust established for this purpose. The trust in turn deploys majority of the funds with the Life Insurance Corporation of India, which also administers the scheme and determines the contribution premium required to be paid by the Bank. The Bank provides for gratuity to all its employees. The benefit is in the form of lump sum payments to vested employees on retirement, resignation, death while in employment or on termination of employment for an amount equivalent to 15 days salary for each completed years of service subject to maximum limit specified in the Payment of Gratuity Act amended from time to time. The contribution payable/paid is charged to the Profit and Loss Account.

Leave encashment / compensated absences

The staff shall be entitled to 30 paid leaves other than public holidays in the state of Maharashtra and under the Negotiable Instruments Act, 1881.

Any unavailed annual leave gets encashed to employee at the end of year. However, due to work requirement or any other special circumstances, the unavailed annual leave can be postponed and availed before the end of the 1st quarter of next calendar year only after obtaining the prior approval of the CEO.

Provident Fund

The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC). The Bank has no liability for future provident fund benefits apart from its monthly contribution which is charged to the Profit and Loss Account.

9. Accounting for Leases

Lease where the lessor effectively retains substantially all the risk and benefits of ownership of the leased assets are classified as Operating Leases. Operating Lease payments are recognised as an expense in Profit and Loss Account over the lease term accordance with AS-19, Leases.

10. Taxation

Income Tax expense is the aggregate amount of the current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability in the year.

Deferred Income taxes reflects the impact of the current year timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets is recognized, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities are recognised in the Profit & Loss Account.

11. Impairment of assets

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

12. Accounting for Provision, Contingent Liabilities and Contingent Assets

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets: Provision is recognised when the bank has a present obligation as a result of the past event where it is probable that outflow of resources will be required to settle the obligation, in respect of which, a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet.

Disclosure of Contingent Liability is made when there is:

- a) Possible obligation arising from past event(s), the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or
- b) Present obligation arising from the past events which is not recognised because:

- it is not probable that an outflow of resources will be required to settle the obligation
- A reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

13. Net Profit/(Loss)

The net profit/ (loss) disclosed in the Profit and Loss account is after provision for:

- i. taxes on income (including deferred tax)
- ii. advances
- iii. shortfall in the value of investments
- iv. depreciation on fixed assets
- v. Other usual and necessary provisions

NOTES TO ACCOUNTS

1. Capital Adequacy Ratio

As per the RBI guidelines on capital adequacy issued, banks are required to compute their capital requirement under Basel III effective June 30, 2013.

In terms of the RBI guidelines on New Capital Adequacy Framework, the Bank is required to maintain a minimum Capital to Risk-weighted Asset Ratio (CRAR) of 9 percentage.

The capital adequacy ratio of the Bank, calculated as per RBI guidelines Basel III capital Regulations) generally referred to as Basel – III is set out below:

Particulars	2013-2014	2012-2013
	Basel III	Basel II
CRAR	47.87%	69.43%
Common Equity Tier I capital ratio	47.64%	69.24%
Additional Tier I Capital ratio	-	-
Tier II	0.23%	0.19%
Percentage of the shareholding of the Government of India in nationalized banks	-	-
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of IPDI	-	-
Amount raised by issue of Upper Tier II Instruments	-	-

2. Business/Information Ratios:

Particulars	2013-14	2012-13
Interest income as a percentage to working funds (%) \$	8.76%	8.63%
Non-interest income as a percentage to working funds (%)	1.05%	0.54%
Operating profit as a percentage to working funds (%) \$	4.19%	4.39%
Return on assets (%) @	2.35%	2.45%
Business (deposits plus advances) per employee (Amount in INR '000) # *	227,981	205,725
Profit per employee (Amount in INR '000) *	7,971	6,575

\$: Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

@: Return on Assets would be with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

#: For the purpose of computation of business per employee (deposits plus advances) inter-bank deposits may be excluded.

*: No of employees as at year end has been considered.

3. Investments

(Amount in '000)

Sno.	Particulars	2013-14	2012-13
I	Value of Investments		
i.	Gross Value of Investments		
(a)	In India	1,438,490	1,037,775
(b)	Outside India	-	-
ii.	Provision for Depreciation		
(a)	In India	61,111	-
(b)	Outside India	-	-
iii.	Net Value of Investments		
(a)	In India	1,377,379	1,037,775
(b)	Outside India	-	-
II	Movement of provision held toward depreciation on investments.		
i.	Opening balance	-	-
ii.	Add: Provision made during the year	61,111	-
iii.	Less: Write-off/write back of excess provision during the year	-	-
	Closing balance	61,111	-

4. Derivative

Forward Rate Agreement/Interest Rate Swap

(Amount in '000)

Particulars	2013-14	2012-13
The notional principal of swap agreement	-	1,086,400
Losses which be incurred if counter party failed to fulfill their obligations under the agreements	-	17,785
Collateral required by the bank upon entering the swaps	-	-
Concentration of credit risk arising from the swaps	-	0.39%
The fair value of the swap book	-	17,785

The nature and terms of foreign currency CCS as on March 31, 2013 are set out below
(Amount in '000)

Nature	No.	Notional Principal	Benchmark	Terms
Hedging	1	1,086,400	USD Libor	Fixed Payable v/s Floating Receivable

Exchange Traded Interest Rate Derivatives

The Bank does not deal in Exchange Traded Interest Rate Derivatives. Hence the disclosure on the same is not applicable.

Disclosures on risk exposure in derivative

a) Qualitative Disclosure

“Derivative” means an instrument, to be settled at a future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating or credit index, price of securities (also called “underlying”), or a combination of more than one of them and includes interest rate swaps, forward rate agreements, foreign currency swaps, foreign currency-rupee swaps, foreign currency options, foreign currency-rupee options or such other instruments as may be specified by the Bank from time to time.

Structure and organization for management of risk in derivatives, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

Bank has a management approved Derivative Policy as part of the Investment Policy. It contains the detailed guidelines on dealing with the derivatives, which define the overall framework within which derivatives activities should be conducted and the risks controlled. The management of derivative activities are integrated into the bank’s overall risk management system using a conceptual framework common to the bank’s other activities. The framework covers the following aspects:

- Establish the overall appetite for taking risk and ensure that it is consistent with its strategic objectives, capital strength and management capability to hedge or transfer risk effectively, efficiently and expeditiously.
- Define the approved derivatives products and the authorized derivatives activities.
- Detail requirements for the evaluation and approval of new products or activities.
- Provide for sufficient staff resources and other resources to enable the approved derivatives activities to be conducted in a prudent manner;
- Ensure appropriate structure and staffing for the key risk control functions, including internal audit;
- Establish management responsibilities;
- Identify the various types of risk faced by the bank and establish a clear and comprehensive set of limits to control these;
- Establish risk measurement methodologies which are consistent with the nature and scale of the derivatives activities;
- Require stress testing of risk positions; and

- Detail the type and frequency of reports which are to be made to the board (or committees of the board).The derivative reporting includes the indication on the levels of risk being undertaken, the degree of compliance with policies, procedures and limits, and the financial performance of the various derivatives activities.

Bank undertakes derivative transactions to hedge - specifically reduce or extinguish an existing identified risk on an on-going basis during the life of the derivative transaction - or for transformation of risk exposure, as specifically permitted by RBI. Bank does not do trading of derivatives.

The derivative transactions are originated by Treasury Front Office as per the banks policy and the RBI guidelines. The mid office independently identifies measures and monitors the market risks associated with derivative transactions and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee (RMC) on the compliance with the risk limits.

Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

- The income recognition is done as per AS-11 on “The Effects of changes in Foreign exchange Rates “ and the guidelines issued by RBI/FEDAI from time to time. The integrated Treasury Policy also prescribes various limits such as Client Level Limits, Trading Member Level Limits, Net Open position Limits for credit risk mitigation.

- Identification of underlying hedge items for hedging / mitigating credit risk, operational risk and market risk arising out of derivative transactions is done in accordance with Integrated Treasury Policy. The customer related derivative transactions are covered with counter party banks, on back to back basis for identical amounts and tenure and the bank does not carry market risk for such transactions.

- The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. Derivative contracts designated as hedges are not marked to market unless their underlying asset or liability is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss.

b)Quantitative Disclosure

(Amount in '000)

Sno.	Particular	2013-14		2012-13	
		Currency Derivative	Interest Rate Derivatives	Currency Derivative	Interest Rate Derivatives
i.	Derivative (Notional Principal Amount)				
(a)	For Hedging	-	-	1,086,400	-
(b)	For trading	11,543,944	-	-	-
ii.	Marked to Market Positions				
(a)	Assets (+)	17,180	-	1,091,398	-
(b)	Liability (-)	(14,777)	-	(1,109,183)	-

iii.	Credit Exposure	233,148	-	-	-
iv.	Likely impact on one percentage change in interest rate (100*PV01)				
(a)	On Hedging derivatives	-	-	104.53	-
(b)	On Trading derivatives	-	-	-	-
v.	Maximum and Minimum of 100*PV01 observed during the year				
(a)	On Hedging	-	-	104.53	-
(b)	On Trading	-	-	-	-
vi.	Minimum of 100*PV01 observed during the year				
(a)	On Hedging	-	-	102.90	-
(b)	On Trading	-	-	-	-

5. Provisions and Contingencies: Break-up of Provisions and Contingencies shown under Schedule 17.

(Amount in '000)

Particulars	2013-14	2012-13
Provision for depreciation on Investment	61,111	-
Provision towards Non Performing Assets	-	-
Provision towards Standard Assets	8,456	11,683
Provision for general loan loss	-	-
Write-off	-	-
Recoveries	-	-
Provision for Country Risk	2,381	-
Provision made towards Income tax	180,796	129,414
Total	252,744	141,097

6. Floating Provisions

The floating provisions as on 31st March 2014 is Nil (Previous year Nil).

7. Exposures

a) Exposure to Real Estate Sector

(Amount in '000)

Category	2013-14	2012-13
a) Direct exposure	-	-
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate	-	-

	741,818	
(iii) Investments in Mortgage Backed Securities(MBS) and other	-	-
b) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	741,818	-

b) Exposure to Capital Market

Exposure to Capital Market is NIL (Previous Year NIL)

c) Risk Category wise Country Exposure

(Amount in '000)

<i>Risk Category*</i>	<i>Exposure (net) as at March 31, 2014</i>	<i>Provision held as at March 31, 2014</i>	<i>Exposure (net) as at March 31, 2013</i>	<i>Provision held as at March 31, 2013</i>
Insignificant	599,557	374	-	-
Low	917,171	2,007	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	1,516,728	2,381	-	-

d) Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank:

The RBI has prescribed credit exposure limits for banks in respect of their lending to single / group borrowers. The exposure limits prescribed are 15% of the capital funds of banks in case of single borrowers (SBL) and 40% of the capital funds of banks in case of group borrowers (GBL). In case of infrastructure projects, an additional exposure upto 5%/10% of the capital funds is allowed for SGL/GBL respectively. SBL/GBL can also be increased by a further 5% of the capital fund with the permission of Chief Executive officer and provided the borrower consent's to the bank making appropriate disclosures in the Bank's statutory accounts.

During the year the following customers were sanctioned an additional 5% limit in accordance with aforesaid RBI's Guideline. The borrowers consent was been duly obtained by the bank.

Name of Borrower	During the year 2013-14	As on 31.03.2014	As on 31.03.2013
Adani Power Maharashtra Limited	22.24%	22.24%	-
Raghuleela Builders Private Limited	15.35%	15.35%	-
ZTE Telecom India Private Limited	22.77%	-	24%
SEI Solar Power Private Limited	22.77%	-	24%

e) Unsecured Advances

The total amount of advances outstanding as at the year-end for which intangible securities (such as charge over the rights, licenses, authority etc.) has been taken as also the estimated value of such intangible collateral is Rs. Nil (P.Y. 2013- Rs. Nil)

8. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits:

(Amount in '000)

Particulars	2013-14	2012-13
Total Deposits of twenty largest depositors	2,247,605	1,768,069
Percentage of Deposits of twenty largest depositors to the total deposits of the bank	99.66%	99.83%

b) Concentration of Advances

(Amount in '000)

Particulars	2013-14	2012-13
Total Advances of twenty largest borrowers	12,865,758	5,555,632
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	97.60%	99.47%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per Current Exposure Method in accordance with RBI guidelines.

c) Concentration of Exposures

(Amount in '000)

Particulars	2013-14	2012-13
Total Advances of twenty largest borrowers	12,865,758	5,555,632
Percentage of Advances of twenty largest borrowers to Total Advances of the Bank	97.60%	99.47%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per Current Exposure Method in accordance with RBI guidelines.

9. Asset Liability Management - Maturity Pattern

(Amount in '000)

As at March 31, 2014	1 Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	110248	644289	-	360,800	130,100	385,000	-	624,736	-	-	2,255,173
Advances	-	-	-	-	800,141	305,205	814,500	620,000	741,818	1,074,600	4,356,264
Investments	-	-	-	-	-	-	-	145,375	24,554	1,207,450	1,377,379
Borrowings	-	-	-	-	1,190,007	449,625	-	-	-	-	1,639,632
Foreign Currency Assets	64,436	59,950	359,700	179,850	226,461	328,886	599,500	-	-	-	1,818,783
Foreign Currency Liabilities	21,120	-	-	-	1,190,007	449,625	-	-	-	-	1,660,752

(Amount in '000)

at March 31, 2013	1 Day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 12 months	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	71,585	841,625	24,890	1,100	40,000	385,000	-	406,816	-	-	1,771,016
Advances	-	-	-	-	147,107	1,100,000	1,025,000	1,100,000	-	-	3,372,107
Investment	-	-	-	-	-	-	-	-	-	1,037,775	1,037,775
Borrowings	-	-	-	-	1,085,700	-	-	-	-	-	1,085,700
Foreign Currency Assets	125,855	-	-	-	-	-	-	-	-	-	125,855
Foreign Currency Liabilities	-	-	-	-	1,085,700	-	-	-	-	-	1,085,700

Classification of assets and liabilities under the different maturity buckets are compiled by management based on the guidelines issued by the RBI and are based on the same assumptions as used by the Bank for compiling the return submitted to the RBI and which have been relied upon by the Auditors.

10. Deferred Taxes

As on March 31, 2014 the Bank had a net deferred tax Assets of Rs. 1,204 thousands which has been included in Other Assets. The major components giving rise to the deferred tax assets and liabilities are as under:

(Amount in '000)

Description	As at March 31, 2014	As at March 31, 2013
Deferred Tax Assets		
Provision for advances	-	4,290
Country Risk Provision	1,030	-
Provision for Gratuity	-	762
Depreciation	901	2,069
Total Deferred Tax Assets	1,931	7,121
Provision for advances		
Provision for Gratuity	727	-
Depreciation	-	-
Expenses Disallowed under u/s 40(a)(iv)	-	2,356
Total Deferred Tax Liabilities	727	2,356
Net Deferred Tax Liability / (Asset)	(1,204)	(4,765)

11. Disclosures of Remuneration

In terms of guidelines issued by RBI vide circular no. DBOD No. BC. 72/29.67.001/2011-12 dated 13th Jan 2012 on “Compensation of Whole Time Directors/Chief Executive Officers/Risk takers and Control function staff, etc., the Bank has submitted a declaration received from its Head Office to RBI to the effect that the compensation structure in India, including that of CEO’s, is in conformity with the FSB principles and standards.

12. Income Taxes

(Amount '000)

Particulars	2013-14	2012-13
Current Income tax expense	182,000	134,179
Deferred Income tax (benefit) /expense	(1,204)	(4,765)
Total	180,796	129,414

13. Operating Leases

The Company’s significant leasing arrangement is in respect of operating leases for office premises. These lease agreements, which are non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.

(Amount '000)

Description	As at March 31, 2014	As at March 31, 2013
Payable within one year	38,602	33,911
Payable later than one year and not later than five year	42,281	80,883

Lease payment charged to Profit and Loss account	33,911	33,911
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14. Related Party Disclosures

In the terms of the Accounting Standard 18 on ‘Related Party Disclosures’ issued by the Institute of Chartered Accountants of India and the related guideline issued by the RBI, the details pertaining to related parties are as under

Related Party Relationship

a)Parent

The Industrial and Commercial Bank of China, Beijing is the Head Office of the Bank.

b)Branch Office

Branch offices comprise all branches of The Industrial and Commercial Bank of China Limited outside India.

c)Fellow subsidiaries

Fellow subsidiaries comprise companies, which have a common ultimate holding company, These are as follows:

Industrial and commercial bank of china (asia) limited, Icbc international holdings limited, Industrial and commercial bank of china (macau) limited, Industrial and commercial bank of china (malaysia) berhad, pt. bank icbc indonesia, Industrial and commercial bank of china (thai) public company limited, Industrial and commercial bank of china (almaty) joint stock company, Industrial and commercial bank of china (new zealand) limited, Industrial and commercial bank of china, (london) plc, Industrial and commercial bank of china (europe) s.a., zao Industrial and commercial bank of china (moscow), , Industrial and commercial bank of china (usa) na, industrial and commercial bank of china financial services llc, industrial and commercial bank of china (canada), Industrial and commercial bank of china (argentina) s.a., Industrial and commercial bank of china (brasil) s.a., icbc peru bank, Icbc credit suisse asset management co., ltd., Icbc financial leasing co., ltd., Icbc-axa assurance co., ltd.

Note:

Related parties are identified by the Management and relied upon by the auditors.

Transactions with Related Parties:

The Bank’s related party balances and transactions for the year ended March 31, 2014 and March 31, 2013 are summarized as follows:

(Amount '000)

Items/Related Party	2013-14	2012-13
	Subsidiaries	Subsidiaries
Borrowings as on March 31	-	-
<i>Maximum Outstanding</i>	-	-
ICBC Asia	-	-
Deposits as on March 31	-	-
<i>Maximum Outstanding</i>	-	-
Lending as on March 31	359,700	-
<i>Maximum Outstanding</i>	359,700	-
Capital of the Bank	-	-
<i>Maximum Outstanding</i>	-	-
Advances as on March 31	-	-
<i>Maximum Outstanding</i>	-	-
Receivables as of March 31	62	-
Payables as of March 31	-	-
Transfer of assets	-	-
Interest Paid	799	505
Interest received	111	2
ICBC Macau	-	-
Interest Paid	-	287
Arrangement Fees	-	-
Revenue from Services Rendered	-	-
Cost of Services Received	-	-

In terms of the RBI circular guidelines regarding disclosure of related party transactions where there is only one entity in any category of related parties, particulars of such transactions have not been disclosed.

15. Employee Benefit

Provident Fund

The Bank contributes an amount equal to the employees' contribution on a monthly basis to the Regional Provident Fund Commissioner (RPFC). The Bank has no liability for future provident fund benefits apart from its monthly contribution which is charged to the Profit and Loss Account.

Gratuity

The following table sets out the status of the defined benefit Gratuity Plan as required under AS 15 (Revised 2005):

(Amount '000)

Particulars	2013-14
Change in the present value of defined benefit obligation	
Present value of defined benefit obligation at the beginning of year	1,017
Interest Cost	81
Current Service Cost	1,091
Benefit Paid	-
Actuarial (Gain)/loss on obligations	(1,907)
Closing value of defined benefit obligation at the end of the year	282

Change in Plan Assets	
Opening Fair value of plan assets at the beginning of year	-
Expected Return on plan assets	-
Contribution by Employer	215
Benefit Paid	-
Actuarial Gain/(loss) on obligations	2
Closing Fair value of plan assets at the end of the year	216
Actural Return on Plan Assets	
Expected Return on plan assets	-
Actuarial Gain/(Loss) on plan assets	2
Actual Return on Plan Assets	2
Amount Recognised in the Balance Sheet	
Fair Value of Plan Assets	216
Present value of benefit obligation as at end of the period	(282)
Fund status	(66)
Unrecognised past service cost at the end of the period	
Unrecognised transitional liability at the end of the period	
Net (Liability)/Assets Recognised in the Balance Sheet	(66)
Net Cost recognised in the Profit and Loss Account	
Current service cost	1,091
Interest Cost	81
Actuarial (Gain)/Loss	(1,908)
Expense Recognised in P&L	(736)

Principal Actuarial Assumption:

Valuation Assumptions	2013-14
Future Salary Rise	6.00%
Rate of Discounting	9.29%
Attrition Rate	10.00%
Mortality Rate	India Assured Lives Mortality (2006-08) Ultimate

16. Segment Reporting

Segment Information – Basis of Preparation

In line with the RBI guidelines, the Bank has identified “Treasury Operations” and “Corporate Banking Operations” as the primary reporting segments.

- Treasury activities include foreign exchange, fixed income, money market and derivative transactions.

- The corporate and wholesale banking segments consist of revenue arising out of funding corporate and commission on bank guarantees. The principal cost consists of interest on account of deposit from customers.

The Bank does not have overseas operations and operates only in domestic segment.

(Amount in '000)

Segmentation	2013-14			2012-13		
	Corporate	Treasury	Total	Corporate	Treasury	Total
Segment revenue	526,696	438,146	964,842	295,464	318,896	614,360
Segment expense	384,558	104,840	489,398	240,465	80,097	320,562
Segment result	142,138	333,306	475,444	54,999	238,799	293,798
Unallocated expenses	-	-	-	-	-	-
Operating Profits	142,138	333,306	475,444	54,999	238,799	293,798
Income taxes	-	-	180,796	-	-	129,414
Extraordinary profit / (loss)	-	-	-	-	-	-
Net profit (loss)	142,138	333,306	294,648	54,999	238,799	164,384
Other information :						
Segment assets	5,067,662	3,981,307	9,048,970	3,608,016	4,170,057	7,778,073
Unallocated assets (Taxes)	-	-	27,512	-	-	9,724
Total assets	5,067,662	3,981,307	9,076,482	3,608,016	4,170,057	7,787,797
Segment liabilities	2,376,387	1,639,632	4,016,019	3,606,348	4,171,725	7,778,073
Unallocated liabilities	-	-	11,384	-	-	9,724
Total liability	2,376,387	1,639,632	4,027,403	3,606,348	4,171,725	7,787,797

In computing the above information, certain estimates and assumption have been made by the management which were relied upon by the auditors

17. Contingent Liabilities

Contingent liabilities stated in Schedule 12 in respect of guarantees, acceptances, letter of credit, foreign exchange contracts are all entered with banks under approved credit limits and the liability thereon is dependent upon terms of contractual obligations, development and raising of demand by the concerned parties.

18. During the year 2013-14 penal interest of Rs 648 (in thousand) was paid to RBI in respect of maintenance of SLR and CRR.

19. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

To the extent of the information received by the Bank from its vendors, there are no transactions with “suppliers” as defined under the Micro, Small and Medium Enterprises Development Act, 2006 during the financial year, hence the disclosures as required under the said Act are not applicable. This has been relied upon by the Auditors.

20. Transfer Pricing

The Bank has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that international transactions are at arm's length so that the above legislation will not have martial impact on the financial statements, particularly on the amount of tax expense and that of provision of taxes.

21. The Bank has no disclosure to make in respect of the following items as the relevant items are either Nil or Not Applicable

1	Investments	Repo Transactions. Sale and Transfers to/ from HTM Category Non-SLR Investment Portfolio.
2	Asset Quality	Particulars of Accounts Restructured Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction. Details of non-performing financial assets purchased / sold. Disclosure on Assets quality/NPA Movement of NPAs Concentration of NPAs/ Sector-wise NPAs Unsecured Advances: Assets for which intangible securities have been taken as collateral
3	Awards passed by the Banking Ombudsman	
4	Letter of Comforts issued by the Bank	
5	Off-Balance Sheet SPVs sponsored	
6	Draw down from Reserves	
7	Bancassurance Business	
8	Overseas Assets, NPAs and Revenue	
9	Off-balance Sheet SPVs sponsored	
10	Disclosure for customer complaint	
11	Unamortised Pension and Gratuity Liabilities	
12	Disclosures relating to Securitisation	
13	Credit Default Swaps	

22. Comparative figures

Previous year's figures have been regrouped /rearranged wherever necessary to conform to current year's presentation.

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, MUMBAI BRANCH
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	Current Year (` in Thousands)	Previous Year (` in Thousands)
A. Cash flow from operating activities:		
Profit / (Loss) Before Tax	411,952	293,798
Adjustment for		
Provision for Standard Assets	8,456	11,683
Depreciation on assets	11,981	11,690
Operating Profit/(Loss) before Working capital changes	432,389	317,171
Adjustment for		
Increase/(decrease) in deposits	484,157	1,769,804
Increase/(decrease) in other liabilities and provisions	(400)	(433,469)
(Increase)/decrease in other assets	(30,937)	(27,465)
(Increase)/decrease in investments	(339,604)	(1,037,775)
(Increase)/decrease in advances	(984,157)	(2,917,485)
Cash generated / (used) from Operating activity	(438,552)	(2,329,219)
Taxes Paid	(166,675)	(134,211)
Net cash used in operating activity	(605,227)	(2,463,430)
B. Cash flow from investing activity		
Purchase of fixed assets	(1,581)	(989)
Proceeds from sale of fixed assets	-	57
Net cash (used) in investing activity	(1,581)	(932)
C. Cash Flow from financing activities		
Increase/(decrease) in Borrowings	553,932	1,085,700
Net Cash inflow from financing activities	553,932	1,085,700
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(52,876)	(1,378,662)
Cash and Cash equivalents (Opening Balance)	3,265,344	4,644,006
Cash and cash equivalent (Closing Balance)	3,212,468	3,265,344

Notes:

1. Cash and Cash equivalents represents cash and balances with banks as disclosed in Schedule 6 and 7
2. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS-3) on Cash Flow Statements issued by the Institute of Chartered Accounts of India

This is the Cash Flow Statement referred to in our Report on even date

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Firm Reg. No: 105146W

For and on behalf of
INDUSTRIAL AND COMMERCIAL
BANK OF CHINA LIMITED,
MUMBAI BRANCH

R V Chaniyari
Partner
Membership No. F-31083

Sun Xiang
Chief Executive Officer

Place: Mumbai
Date: June 13, 2014

He Hu
Deputy General Manager

Auditor's Report on the Financial Statements [Under Section 30 of the Banking Regulation Act, 1949]

To
The Chief Executive Officer
Industrial and Commercial Bank of China Limited, Mumbai Branch

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of the Industrial and Commercial Bank of China Limited, Mumbai Branch ('the Bank') which comprises the Balance Sheet as at March 31, 2014 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 Management is responsible for the preparation of these financial statements that gives true and fair view of financial position, financial performance and cash flows of the bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 211 of the Companies Act, 1956 (read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs) and circulars and guidelines issued by Reserve Bank of India from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956 (read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs), in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2014;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matter

- 7 The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 211 of the Companies Act, 1956 (read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs).
- 8 We report that:
- (a) 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;
- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- 9 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (read with General Circular 08/2014 dated April 04, 2014 issued by the Ministry of Corporate Affairs) to the extent they are not inconsistent with the accounting policies prescribed by RBI.
- 10 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
- (iii) The requirement of Section 274(1)(g) of the Companies Act, 1956 are not applicable considering the Bank is a branch of Industrial and Commercial Bank of China incorporated in China with limited liability.

For **Khimji Kunverji & Co**
Chartered Accountants
FRN - 105146W

R V Chaniyari
Partner (F-31083)

Mumbai

June 13, 2014