

No: HO/Finance/Share/1889/2014-15

Date : 11.02.2015

The Vice President
National Stock Exchange of India Ltd.
"Exchange Plaza", Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Dear Sir,

Sub: Clarification on news item appeared in DNA dated 06.02.2015.

With reference to your e-mail dated 06.02.2015 on the captioned subject, we wish to clarify as under:

To ensure energy security of the country and to ensure continuous purchase of crude oil from Iran, our Bank with the support of the Government of India and the Reserve Bank of India took the initiative of setting up a rupee payment mechanism. Under the mechanism, a few Iranian banks have opened Indian Rupee accounts with our Bank in terms of RBI/GOI guidelines. The source of funds in the rupee account is the accretion of money paid by the oil companies to the Iranian Bank accounts in Indian rupees for settling their import payments to Iranian counterparts. The payments towards imports of crude oil are paid by the Indian oil companies to this account. Exporters receive payments from this account towards exports of goods from India to Iran in conformity with the Government of India/RBI guidelines.

Some of these payments are also advance payment against future exports which are paid at the instruction of Iranian Bankers acting on behalf of the Iranian buyers (Iranian Importers). The advance payments against future exports to Iran are also permitted by the RBI guidelines. Where payment is released as an advance against future exports, the exporter is under obligation as per FEMA to export within one year from the date of receipt of advance remittance. **All the payments are in Indian Rupees and no foreign currency is involved.** The payment is from the deposits of the Iranian Bank available with our bank **and no credit facility is involved.**

Enforcement Directorate had sought certain information related to a few accounts maintained under Iran rupee payment mechanism and also statistics on the trade. These accounts are cases where advance payments have been received and exports have not been taken place. We have provided the information to the Enforcement Directorate. We are yet to hear from Enforcement Directorate in this matter.



At the instruction of the Iranian banks, advance remittances for conducting future exports to Iran in total amounting to Rs. 945.91 crores were released to the current accounts of eight companies. Out of the total advance payment received of Rs. 945.91 crores, Rs. 374.67 crores were received by the companies before one year. We would like to confirm that no credit facilities were given to the companies under Iranian rupee payment mechanism. The transactions were also reported to FIU-IND (FINANCIAL INTELLIGENCE UNIT-INDIA) by the bank.

In respect of Enforcement Directorate probe on certain scam referred by the DNA newspaper in its report dated January 23, 2015, we do not have any information.

We are therefore of the opinion that above events will not have any material impact on operation / performance of the Bank since no credit facilities were given by the Bank to these companies and the exporter is under obligation as per FEMA to export within one year .

This is for your kind information.

Yours faithfully


(N PURNA CHANDRA RAO)
COMPANY SECRETARY

