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 2021 - 2022

# **ECGC Limited**

# **Annual Report for the FY 2021-22**

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# Part A

### **BOARD OF DIRECTORS**

1. Shri M Senthilnathan,

Chairman-cum-Managing Director, ECGC Limited

(Chairman w.e.f. April 29, 2020)

2. Shri Vipul Bansal,

Joint Secretary, Department of Commerce,

Ministry of Commerce & Industry (Appointed w.e.f. November 16, 2021)

3. Smt. Aparna Bhatia,

Economic Adviser, Department of Economic Affairs,

Ministry of Finance

(Appointed w.e.f. November 16, 2021)

4. Shri Shirish Chandra Murmu.

Executive Director, Reserve Bank of India

5. Ms. Harsha Bangari,

Managing Director, EXIM Bank of India

(Appointed w.e.f. September 23, 2021)

6. Shri Devesh Srivastava,

Chairman-cum-Managing Director, GIC

7. Dr. A. Sakthivel,

President, Federation of Indian Export Organisations

(Appointed w.e.f. August 09, 2021)

8. Shri Sunil Joshi,

Executive Director (Policy Matters), ECGC Limited

(Appointed w.e.f. July 09, 2020)

- 9. Shri Amit Kumar Agarwal (Appointed w.e.f. November 03, 2021)
- 10. Smt. Pratibha Kushwaha (Appointed w.e.f. November 11, 2021)
- 11. Shri K. Rajaraman, IAS (Ceased w.e.f. October 18, 2021)
- 12. Shri Amitabh Kumar, IRS (Ceased w.e.f. November 16, 2021)
- 13. Shri Sharad Kumar Saraf, President, Federation of Indian Export Organisations (Ceased w.e.f. June 28, 2021)
- 14. Shri David Paul Rasquinha

Managing Director, Export-Import Bank of India (Ceased w.e.f. May 31, 2021)

COMPANY SECRETARY Smt. Smita V. Pandit

BANKERS Union Bank of India (Erstwhile Corporation Bank)

**IDBI** Bank

APPOINTED ACTUARY Smt. Priscilla Sinha

JOINT STATUTORY AUDITORS 1. M/s. abm & associates LLP

Chartered Accountants.

Firm Registration No. 105016W/W-100015

2. M/s. SNK & Co.

**Chartered Accountants** 

Firm Registration No. 109176W

REGISTERED OFFICE: Express Towers, 10th Floor, Nariman Point, Mumbai – 400 021

# **SENIOR MANAGEMENT**

# CHAIRMAN-CUM- MANAGING DIRECTOR

Shri M. Senthilnathan

# **EXECUTIVE DIRECTORS**

Shri Sunil Joshi

Shri C. N. A. Anbarasan

# GENERAL MANAGERS

- 1. Shri Paramdeep Lal Thakur
- 2. Shri Ishnath Jha
- 3. Shri Sristiraj Ambastha
- 4. Shri Subir Kumar Das
- 5. Shri Nirdosh Chopra
- 6. Smt Smita V. Pandit
- 7. Shri Anand Singh
- 8. Smt Priscilla Sinha

DEPUTY GE	NERAL MANAGERS
1. Shri Balbir Singh Maan	10. Shri Subhash Chandra Chahar
2. Shri N. Subramanian	11. Shri Niraj Gupta
3. Shri Abhishek Kumar Jain	12. Shri R. Mahalingam
4. Shri R. K. Pandian	13. Shri Rajesh Jhamnani
5. Shri Kumar Anshuman	14. Shri Rahul
6. Shri Gaurav Anshuman	15. Shri Rangarao T. Hande
7. Shri Yashwant B. Breed	16. Shri Sachin Khanna
8. Smt Arpita Sen	17. Shri Shashank Bajpai (Chief
	Information Security Officer)
9. Shri Y. Sudheer	

# **PERFORMANCE HIGHLIGHTS - PAST DECADE**

									R	(Rs. In Crores)
YEAR	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
VALUE OF BUSINESS COVERED										
Short Term Policies */**	269272.00	241934.17	215021.77	198872.00	1,77,349.00	1,72,788.00	135871.97	1,33,983.00	131344.00	126100.00
Short Term ECIB ***/***	345672.00	354200.12	341826.72	455267.00	4,56,684.00	4,48,604.00	127534.8	1,38,555.00	138150.00	133251.00
Medium & Long Term Covers	3896.97	6667.25	4757.37	5787.00	7,415.57	6,027.26	5979.06	7,652.00	9762.80	10160.00
Total	618840.97	602801.54	561605.86	659926.00	641448.57	627419.26	269385.83	280190.00	279256.00	269512.00
PREMIUM INCOME										
Short Term Policies	485.45	429.99	405.17	412.26	367.95	359.99	382.99	383.87	388.57	360.68
Short Term ECIB	600.84	603.78	644.78	806.83	843.21	881.07	910.64	942.29	89.698	751.72
Medium & Long Term Covers	20.33	28.51	25.52	28.45	29.25	26.56	27.10	36.24	45.48	44.85
Total	1106.62	1062.28	1075.47	1,247.54	1,240.41	1,267.62	1320.73	1362.40	1303.73	1157.25
CLAIMS PAID										
Short Term Policies	237.91	284.87	146.77	168.13	136.70	206.85	127.32	126.98	109.29	113.69
Short Term ECIB	443.42	761.87	261.64	813.39	1131.47	655.50	995.52	462.85	639.55	396.61
Medium & Long Term Covers	5.87	-	_	31.79	14.99	22.99	-	_	148.65	38.20
Total	687.20	1046.74	408.41	1,013.31	1,283.16	885.34	1122.84	589.83	897.49	548.50
RECOVERIES MADE										
Short Term Policies	16.53	9.77	10.21	21.47	18.55	9.77	7.80	9.61	5.76	7.40
Short Term ECIB	93.44	107.53	156.17	129.36	166.39	109.76	106.06	142.52	144.53	104.71
Medium & Long Term Covers	0	0.17	0.06	-	0.67	19.14	0.18	8.02	8.02	8.42
Total	109.97	117.47	166.44	150.83	185.61	138.67	114.04	160.15	158.31	120.53
Note:										

- \* Comprises exposure under declaration based policies & exposure based policies. Value of business covered under exposure based policies for FY 2011-12 and onwards is the value estimated based on Aggregate Loss Limit fixed for each policy and that for years till FY 2010-11, the estimate of export turnovers.
- \*\* The RV for customised MBE Policies has been taken as 20 times of the Aggregate Loss Limit (ALL), the reason being under customized policies, the ALL to Export Turnover (ETO) ratio is upto 5% unlike normal MBEPs where the ratio is 10% or more. The revised procedure of calculating the RV has been implemented with retrospective effect from 1.4.2017. To make the comparison equitable, the figure w.e.f 1.4.2016 to 31.03.2017 has also been reworked.
- \*\*\* Represents average outstanding under the limits sanctioned by banks which are covered by the Company for the financial years 2011-12 and onwards and the limits sanctioned till FY 2010-11.
- data sourced from RBI and considering the fact that business cycle under short term exports is around 90 days. Accordingly, the outstanding export credit \*\*\*\* The estimation has been done in compliance of the instruction of the Department of Economic Affairs, Ministry of Finance. The estimates are based on covered by the Company is multiplied by a factor of four to arrive at the Risk Value.

# निदेशकों की रिपोर्ट Directors' Report

# **DIRECTORS' REPORT**

Dear Members,

The Directors of ECGC Limited (ECGC) are pleased to present the 64<sup>th</sup> Annual Report of the Company, together with the audited financial statements, for the Financial Year (FY) ended on March 31, 2022.

# FINANCIAL HIGHLIGHTS

Your Company's financial highlights for the period under review are given below:

(₹ In crore)

Particulars	2021-22	2020-21
Turnover (Gross Premium)	1106.62	1062.28
Profit Before Finance Charges, Tax,	1167.56	594.75
Depreciation/ Amortization (PBITDA)		
Less : Finance Charges	1	-
Profit before Depreciation/	1167.56	594.75
Amortization (PBTDA)	1101100	33 111 3
Less : Depreciation	6.70	6.65
Net Profit Before Taxation (PBT)	1160.86	588.10
Provision for Taxation	285.70	127.79
Profit/(Loss) After Taxation (PAT)	875.16	460.31

During the FY 2021-22, the total amount of claims paid by the Company was ₹687.20 crore against ₹1046.74 crore in the previous FY. After adjusting for reinsurers share, recoveries and provisions, the incurred claim decreased for the FY 2021-22 to ₹546.19 crore against ₹884.52 crore for the previous FY. Investment and other income have increased to ₹1100.46 crore in FY 2021-22 from ₹1019.22 crore in the previous FY reflecting a growth of 7.97%.

The Gross Premium earned by the Company during the FY 2021-22 was ₹1106.62 crore against ₹1062.28 crore during the previous FY registering a growth of 4.17%. Post adjustment of Reinsurance Cession and Reserve for un-expired risks, the premium earned (Net) for the FY 2021-22, increased to ₹882.16 crore, against ₹827.31 crore for the previous FY registering growth of 6.63%.

# **PROFITS AND APPROPRIATIONS**

During the FY 2021-22, total income from operations was ₹1484.98 crore against ₹1405.51 crore in the previous FY. During the FY 2021-22, the Company posted an Operating Profit of ₹684.88 crore against ₹159.10 crore in the previous FY. During the FY 2021-22, Profit Before Tax (PBT) was ₹1160.86 crore, against ₹588.10 crore in the previous FY. After providing ₹285.70 crore towards income tax and prior period adjustments, Profit After Tax (PAT) available for appropriation in the FY 2021-22 was ₹875.16 crore, against ₹460.31 crore in the previous FY.

# **DIVIDEND**

The Board of Directors are pleased to recommend a full and final dividend of ₹7 per Equity Share on the 39,50,00,000 Equity Shares of ₹100 each, amounting to ₹276.50 crore. The total dividend amounts to ₹276.50 crore representing a pay-out ratio of 31.59% of the PAT of ₹875.16 crore.

# **RESERVES**

The Board, at its 436<sup>th</sup> Meeting, held on May 25, 2022, proposed to transfer ₹598.66 crore to General Reserve.

# TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

# SHARE CAPITAL

As of March 31, 2022, the Company's Net Worth was ₹7840.88 crore (₹6365.22 crore as on March 31, 2021), comprising Paid-up Share Capital of ₹3950 crore (including ₹760 crore received from the Central Government by way of fresh infusion of capital during FY 2021-22) and Reserves and Surplus of ₹3890.88 crore.

# a. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

### b. **SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

# c. BONUS SHARES

No Bonus Shares were issued during the year under review.

# d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

### MEMORANDUM OF ASSOCIATION OF THE COMPANY

During the FY 2021-22 there was no change in the Memorandum of Association of the Company.

# **SOLVENCY MARGIN**

The Solvency Ratio as on March 31, 2022, is 30.05 against the Insurance Regulatory and Development Authority of India (IRDAI) norm of 1.5. The details are as under:

Particulars	2021-22	2020-21
Required Solvency Margin (RSM)	238.91	298.41
under Regulations (₹in crore)		
Available Solvency Margin (ASM)	7178.75	5745.67
(₹in crore)		
Solvency Ratio (Total ASM / RSM)	30.05	19.25

# **MAXIMUM LIABILITY**

The Maximum Liability (ML) that the Company can underwrite at any point of time, as approved by the Government of India under Article 72(b) of the Articles of Association of the Company, has been enhanced from ₹1,00,000 crore to ₹1,50,000 crore by the Government of India vide OM No. K-11015/2/2021-E&MDA-DoC dated 09<sup>th</sup> March, 2022. The ML as of March 31, 2022 was ₹103879.89 crore.

# INTRODUCTION OF NEW PRODUCTS

In the FY 2021-22, no new product was introduced by the Company.

# **INVESTMENT**

The investments of the Company are in conformity with the guidelines of the IRDAI.

# **MANAGEMENT EXPENSES**

As per the Provisions under Section 40C of the Insurance Act, 1938, read with the relevant Rules, the management expenses incurred by the Company, as a percentage of the Gross Premium Income during the FY 2021-22 stood at 27.74% (previous FY 27.60%) against the IRDAI norm of 29.19%.

Miscellaneous Group / Corporate			
			(₹ In crore)
Part of the total Gross Premium of the insurer written in India	Premium	Percentage of Premium	Allowable Expenses
First	200.00	35.00%	70.00
Next	150.00	30.00%	45.00
The Balance	756.62	27.50%	208.07
Total Written Premium in India	1106.62		323.07
% of Allowable Expenses			29.19

# NATIONAL EXPORT INSURANCE ACCOUNT (NEIA) TRUST

The NEIA Trust has been established by the Government of India (GOI) with the objective of ensuring availability of credit risk cover for Medium and Long-Term exports (MLT) / project exports which are desirable from the point of view of national interest. The Trust has an underwriting corpus of ₹4,155.08 crore as of March 31, 2022. The underwriting capacity of the Trust is ₹80,000 crore of which 25% amounting to ₹20,000 crore has been earmarked for supporting MLT covers issued by the Company on risk sharing basis. Risk to the extent of ₹14,063 crore, in respect of 329 covers supporting 213 projects with a total value of value ₹43,444 crore in 52 countries, has been shared with NEIA Trust. The balance 75% of ₹80.000 crore amounting to ₹60,000 crore is earmarked for the Buyer's Credit scheme of the NEIA Trust (BC-NEIA). As of March 31, 2022, the Trust has issued 27 Buyer's Credit covers with an aggregate Maximum Liability of ₹24,721 crore for 27 projects of value ₹17,756 crore in the countries Sri Lanka, Zambia, Zimbabwe, Mozambique, Tanzania, Senegal, Iran, Maldives, Cote D' Ivoire, Ghana, Cameroon, Suriname, Uganda and Mauritania. The GOI is the sole settlor of the Trust and ECGC is the managing agency.

# **BOARD OF DIRECTORS**

The Company is 100% owned by the Government of India. The general powers of superintendence, direction and management of the affairs and business of the Company are vested in the Board of Directors, presided over by the Chairman-cum-Managing Director. All the Directors on the Board other than the Chairman-cum-Managing Director and Executive Director (Policy Matters) are Non-Executive Directors. All Members of the Board including the Chairman-cum-Managing Director (CMD) and Executive Director (Policy Matters), are appointed by the President of India.

During the FY 2021-22, four Part-Time Directors viz. Shri Amitabh Kumar, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry; Shri K. Rajaraman, Additional Secretary, Department of

Economic Affairs, Ministry of Finance; Shri David Rasquinha, Managing Director, Export-Import Bank of India; and Shri Sharad Kumar Saraf, President, Federation of Indian Export Organisations (FIEO) ceased to be Directors of the Company. Shri Vipul Bansal, Joint Secretary, Department of Commerce, Ministry of Commerce and Industry; Smt. Aparna Bhatia, Economic Adviser, Department of Economic Affairs, Ministry of Finance as part-time Government Directors; and Ms. Harsha Bangari, Managing Director, Export-Import Bank of India; Dr. A. Sakthivel, President, FIEO; Shri Amit Kumar Agarwal; and Smt. Pratibha Kushwaha as Part-Time Non-Executive Directors were inducted on the Board during the FY 2021-22.

As of date of this report, five of the thirteen positions of Part-Time Directors on the Board remain vacant. The process of filling up these vacancies is being pursued with the Government of India.

There was no Director who got re-elected/re-appointed during the year under review.

# COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The provisions of Section 178(2), (3) and (4) of the Companies Act, 2013 related to the appointment/ removal of Directors, formulating the criteria for determining the qualifications, positive attributes and independence of Directors and recommending the policy on remuneration of the Directors, Key Managerial Personnel and other officers of the Company and other considerations in formulating the policy for remuneration are not applicable to the Company being a Government Company and hence the Company has not devised any policy related to the appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. All the Directors on the Board of the Company are appointed by the President of India.

# ANNUAL RETURN

The draft of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 is available under the Corporate Governance section of the website of the Company (<a href="www.ecgc.in">www.ecgc.in</a>).

# DECLARATION OF INDEPENDENT DIRECTORS AND WOMAN DIRECTOR

The provisions of Section 149 pertaining to the appointment of Independent Directors and Woman Director(s) applicable to Public Limited Company are fully complied with except the appointment of a Woman Director on the Board from October 01, 2020 to September 22, 2021.

# NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had conducted Five Board Meetings during the financial year under review.

# DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following Members:

S. No.	Name of the Directors
	Shri Devesh Srivastava
1.	(appointed as a Member since 21/01/2020 and as the
	Chairman since 15/07/2021)
2.	Shri Vipul Bansal
۷.	(appointed as a Member since 16/11/2021)
3.	Smt. Aparna Bhatia
3.	(appointed as a Member since 16/11/2021)
4.	Shri Shirish Chandra Murmu
7.	(appointed as a Member since 10/01/2020)
5.	Ms. Harsha Bangari
0.	(appointed as a Member since 23/09/2021)
6.	Dr. A. Sakthivel
0.	(appointed as a Member since 09/08/2021)

	Shri Amitabh Kumar
7.	(appointed as a Member since 20/11/2020)
	(ceased to be a Member since 16/11/2021)
	Shri K. Rajaraman
8.	(appointed as a Member since 08/08/2018)
	(ceased to be a Member since 18/10/2021)
	Shri Sharad Kumar Saraf
9.	(appointed as a Member since 22/07/2019)
	(ceased to be a Member since 28/06/2021)
	Shri David Paul Rasquinha
10.	(appointed as a Member since 07/08/2019)
10.	(ceased to be the Chairman and Member since
	31/05/2021)

The above composition of the Audit Committee headed by an Independent Director consists of Independent Directors viz. Shri Devesh Srivastava (Chairman), Shri Shirish Chandra Murmu, Ms. Harsha Bangari and Dr. A. Sakthivel, who form the majority.

The Company has established a vigilance mechanism and oversees, through the Audit Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided contact details of the Chairman of the Audit Committee to employees for reporting issues concerning the interests of employees and the Company.

# **Details of the vigilance cases for the FY 2021-22:**

Opening	Vigilance cases	Disposed of	Balance
balance as on	received during		
01.04.2021	01.04.2021 to		
	31.03.2022		
01	07	08	NIL

# SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

### **DEPOSITS**

The Company has neither accepted nor renewed any deposit during the year under review.

# MEMORANDUM OF UNDERSTANDING (MOU) WITH THE GOVERNMENT OF INDIA (GOI)

As per the guidelines issued by the Department of Public Enterprises, every year a Memorandum of Understanding (MOU) is signed with the Department of Commerce, Ministry of Commerce and Industry, Government of India. Based on the assessment of various financial and non-financial parameters, the Company's performance has been rated as "Good" in FY 2018-19, FY 2019-20, and "Very Good" in FY 2020-21. The performance of the Company is expected to be rated as "Excellent" for the FY 2021-22. The details of MOU parameters for the FY 2021-22, along with the target and achievement by the Company under these parameters are submitted as under:

Performance under MoU for FY 2021-22				
S. No	Name of Parameter	Unit	Target	Achievement
1	Revenue from Operations	Rs. In cr.	1450	1484.98
2	Assets Turnover Ratio	%	16.78	11.71
3	EBITDA as a percentage of Revenue	%	32.21	58.89
4	Return on Net worth	%	8.81	12.32
5	Return on Capital Employed	%	9.24	14.81
6	Earning per Share	Rs.	17.58	25.59
7	Number of New Buyers added	Number	16389	17616

Further, the Company has also complied with all the 'Compliance parameters' stipulated under the MOU for FY 2021-22.

# PLACING OF ANNUAL REPORT BEFORE THE PARLIAMENT

Annual Report of the ECGC Ltd., Mumbai, for the FY 2020-21, along with Audited Accounts and Comments of the Comptroller and Auditor General thereon, was placed before the Lok Sabha and Rajya Sabha on February 11, 2022, in compliance with the requirements under Section 394 of the Companies Act, 2013.

# **PARTICULARS OF EMPLOYEES**

Particulars of the employees who were in receipt of remuneration in excess of remuneration drawn by the Whole-Time Director are provided below:

# Α.

S. No	Details	Name of the Employee
1.	Name	Smt. Priscilla Sinha
	designation of the employee:	Appointed Actuary (at par with rank of GM)
2.	remuneration received;	₹90,19,049/-in FY 2021-22
3.	nature of employment, whether contractual or otherwise:	Appointment is contractual on a fixed term basis.
4.	qualifications and experience of the employee;	B.Sc in Statistics and M.Sc in Statistics
		Fellow, Institute of Actuaries of India
		Diploma in System Management, NIIT
		Diploma in Actuarial Techniques, Institute of Actuaries, UK
5.	Date of commencement of employment;	Commencement of employment on contractual basis on 18.04.2019

6.	the age of such employee;	55
7.	the last employment held by such employee before joining the Company;	GIC
8.	the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub- rule (2) above; and	NIL
9.	whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager:	No

# В.

S. No	Details	Name of the Employee
1.	Name	Shri Shashank Bajpai
	designation of the employee:	Chief Information Security Officer -CISO (at par with the rank of DGM)
2.	remuneration received;	₹48,00,000 in FY 2021-22
3.	nature of employment, whether contractual or otherwise:	Appointment is contractual, on a fixed term basis
4.	qualifications and experience of the employee;	Executive Master's Certificate in Cyber Governance from ISB Hyderabad (Year 2019)
		Post Graduate Diploma in System Software & Security from CDAC Hyderabad (Year 2012)
		Bachelor of Engineering (B.E.) from University of Pune (Year 2011)

		Certifications:
		Certified Chief Information Security Officer (CCISO) from EC-Council (2018)
		Certified Incident Planning and Response from GCHQ U.K. (2018)
		Certified Information Security Manager (CISM) from ISACA (2013)
5.	Date of commencement of employment;	Commencement of employment on contractual basis on 01.08.2019
6.	the age of such employee;	35
7.	the last employment held by such employee before joining the Company;	ACKO General Insurance Limited
8.	the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub- rule (2) above; and	NIL
9.	whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager:	No

# **CUSTOMER CARE MECHANISM**

The Company has set up a Customer Care Cell, situated at the Head Office in Mumbai and headed by a General Manager, for redressing grievances of its customers. The Customer Grievance Redressal Policy of the Company is placed on the Company's website. As per the policy, the decisions taken by an official would be reviewed by a higher authority in case the earlier decision is to be reiterated. Till the FY 2021-22 the complaints were dealt with five times before being placed to the Independent Review Committee. In order to reduce the turnaround time

to redress the complaint, the Board of the Company had revised the Customer Grievance Redressal policy to make the mechanism a four stage one. The complaint will now be dealt with four times by different officials/Committees. An Apex Customer Grievance Committee (ACGC), consisting of senior executives at Head Office, is the highest in-house Appellate Authority for any customer complaint against the Company. The Committee met eight times and disposed of 14 cases during the FY 2021-22. The Company has a four-member Independent Review Committee (IRC) consisting of external experts from the fields of Judiciary, Banking, Foreign Trade and Credit Insurance, which met once during the FY 2021-22 and disposed of 6 cases pertaining to grievance of the exporter customers in respect of decision by the ACGC. The Company is linked to the Centralized Integrated Grievance Management System (CIGMS) of the IRDAI, where customers can directly log on and lodge their complaints. Policyholders now have the option of registering their respective complaints either at the CIGMS or through the Company's website. In addition, the Company is also linked to the grievance redressal system operated by the Ministry of Personnel, Public Grievances & Pensions, Department of Administrative Reforms, Government of India at Centralized Public Grievance Redress and Monitoring System (CPGRAMS).

# PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is not required to be given by the Company in view of the nature of the business of the Company.

### FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign exchange earnings of the Company during the Financial Year 2021-22 is ₹56.03 crore (₹39.09 crore in the previous Financial Year) while Foreign Exchange outgo during the Financial Year 2021-22 is ₹2.30 crore (₹1.95 crore in the previous Financial Year).

### **APPOINTED ACTUARY**

A full-time Actuary was appointed on a contract basis by the Company with approval of the Insurance Regulatory and Development Authority of India (IRDAI) effective from 18.04.2019.

A separate 'Actuarial Department' was set up in the FY 2012-13, which provides support to the Appointed Actuary (AA) in the Actuarial functions such as preparation of Incurred But Not Reported (IBNR) / Incurred But Not Enough Reported (IBNER) claims estimation, Asset Liability Management Report, Expected Claim Costs Estimation, Financial Condition Assessment Report, Economic Capital Computation, Product pricing and review etc. The reports and observations of the AA contribute towards the overall risk management strategies of the Company. The Appointed Actuary functions in accordance with the "IRDAI (Appointed Actuary) Regulations, 2017."

# STATUTORY AUDITORS

The Joint Statutory Auditors and the Branch Auditors were appointed by the Comptroller and Auditor General of India (C&AG) for Audit of Accounts of the Company for the Financial Year (FY) 2021-22 vide their letter dated September 29, 2021, the same was taken on record by the Board at its meeting held on November 18, 2021 and the audit fees for each of the appointed auditors by C&AG were approved by the Board as was recommended by the Audit Committee. The Board was authorized by the Shareholders vide its resolution passed at the 63<sup>rd</sup> AGM held on November 18, 2021 to fix and approve the remuneration of the Joint Statutory Auditors to be appointed by the Comptroller & Auditor General of India under Section 139(5) of the Companies Act, 2013, for the Head Office, Regional Offices and Branch Offices of the Company for the FY 2021-22 and necessary certificate from the Joint Statutory Auditors for FY 2021-22 has been obtained as required under Section 141 of the Companies Act, 2013.

# **AUDITORS' REPORT**

The Company has in place an audit mechanism comprising Concurrent Audit, Internal Audit and Audit of Investment transactions and related Systems, which is in line with the nature of its business and the size of its operations. The Auditors Report covers the processes as well as transactions at the Head Office and across various branches of the Company. The audit comments are periodically reviewed by the Audit Committee of the Board of Directors. M/s. abm & associates LLP, Chartered Accountants, Mumbai, Firm Registration No. 105016W/ W-100015 and M/s. SNK & Co., Chartered Accountants, Mumbai, Firm Registration No. 109176W, are the Joint Statutory Auditors appointed by the Comptroller & Auditor General of India, to audit the Head Office Accounts and the consolidated accounts of the Company for the FY 2021-22. The Report of the Auditors to Shareholders is appended to the Audited Financial Statements.

# COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA (C&AG) ON THE ACCOUNTS OF THE COMPANY

Comments of the C&AG shall be forming part of the Directors' Report as an addendum to the same.

# **CORPORATE GOVERNANCE**

The Corporate Governance philosophy of the Company is to comply with all the relevant statutory and regulatory prescriptions on time, as also to formulate and adhere to sound corporate governance practices. A detailed Corporate Governance Report along with Certificate from R. S. Padia & Associates, Practicing Company Secretary (FCS 6804, COP 7488), on corporate governance is annexed to and forms an integral part of this Directors' Report (Annexure I).

# SECRETARIAL AUDIT

The Secretarial Audit Report of the Company (Form No. MR-3) for the Financial Year 2021-22 received from M/s A. Lakhotia & Co. (formerly known as Abhishek Lakhotia & Co.), Secretarial Auditor (FCS 9082, COP

10547) (**Annexure II**) reported non-compliance with regard to non-appointment of Woman Director from October 01, 2020 to September 22, 2021 and two delays in filing of returns with the IRDAI. The observations and the response of the Management thereto are given below:

S. No.	Observation	Management response
1.	Delay in filing half yearly	Technical Audit report for the
	Technical Audit report to	period April - September, 2021
	IRDA by twenty nine days;	was submitted to the Board of
		Directors at its meeting held on
		November 18, 2021 and
		subsequently filed with the IRDAI,
		which has resulted in to a delay of
		29 days. The prevailing COVID-19
		pandemic situation necessitated
		convening the Board Meeting with
		a delay on November 18, 2021 but
		within the gap permitted as per the
		provisions of the Companies Act,
		2013.
2.	Delay in quarterly	Due date of uploading of accounts
	uploading of Accounts data	data on BAP module of IRDAI for
	under IRDAI BAP module	half year was November 14, 2021
	by eighteen days	(IRDAI had extended date of other
		compliances containing details of
		the half yearly accounts data from
		November 14, 2021 to November
		29, 2021 due to second wave of
		COVID-19). The prevailing COVID-
		19 pandemic situation necessitated
		convening the Board Meeting with
		a delay on November 18, 2021 but
		within the gap permitted as per the
		provisions of the Companies Act,

		2013. The accounts data was
		uploaded on BAP module of IRDAI
		with due approval of the Board of
		Directors at its meeting held on
		November 18, 2021, post-obtaining
		the certificate from the Chairman-
		cum-Managing Director, followed
		by the Chartered Accountant.
3.	Non-Compliance with sub	The administrative ministry had
	section (1) of Section 149	appointed a Woman Director w.e.f.
	of Companies Act, 2013	September 23, 2021 after rigorous
	with respect to	follow-up by the Company. The
	appointment of Women	composition of the Board is in
	Director from 01st October,	compliance with the provisions of
	2020 till 22nd September,	sub section (1) of Section 149 of
	2021	the Companies Act, 2013
		thereafter.

MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

# I. Enterprise Risk Management (ERM)

The second wave of the Covid-19 pandemic had peaked during June 2021 in the country. The Government of India had implemented restrictions during the year and these restrictions were gradually withdrawn in a phased manner by March 2022. The export trade is on path to recovery due to various stimulus measures implemented by the Government to support the export sector.

The reinsurers are willing to underwrite risk even in the face of increasing risk in business environment, though with stringent treaty conditions. The impact of these developments, is yet to be quantified

and the Company is confident of managing and overcoming any adverse situation.

# **II. Update of Andheri Property**

# Office premises

- 1. The Board of Directors had at its 398<sup>th</sup> meeting held on 15.07.2015 approved construction of the office building at a preliminary estimate of ₹111,24,12,901/- as per the estimation given by CPWD vide their letter dated 26.05.2015. The Memorandum of Understanding (MoU) for the same had been signed between ECGC and Central Public Works Department (CPWD) on 06.06.2016 for construction of office building at Andheri plot.
- 2. In terms of Clause No. 7 of MoU and based on the requests of CPWD, the Company has, so far, made a total payment of ₹111,24,12,901/-being 100% deposit towards construction of the office building.
- 3.The contractor, Sam India Builtwell Pvt. Ltd. started the construction work for the office building from 30.03.2017. Percentage of work completed is 98% (civil) and 95% (E & M works). The Company is in the process of obtaining Occupancy Certificate (O.C.) from the Municipal Corporation of Greater Mumbai (MCGM).
- 4.The Board of Directors, at its 422<sup>nd</sup> meeting held on 07.08.2019 approved preliminary cost estimate of ₹926.62 lakh for purchase and installation of factory-made knock-down office modular furniture for the new office building at Andheri site. This was communicated to CPWD, and an MOU for the same was also signed by the Company and CPWD on 26.09.2019. As per Clause B (3) of the MOU and request received from CPWD, the Company has released ₹926.62 lakh being 100% advance deposit of the estimation approved.

# Residential premises

- 1. The Board of Directors had at its 405<sup>th</sup> meeting held on 07.11.2016 approved construction of a residential complex at a preliminary estimate of ₹73,95,80,728/-
- 2. ECGC and CPWD signed an MOU on 10.01.2017 for construction of the Company's residential buildings complex.
- The Company made a payment of ₹7,39,58,073/- to CPWD towards initial deposit of 10% of estimated preliminary cost of ₹73,95,80,728/on 30.01.2017.
- 4. CPWD had floated a tender for construction of Residential Building complex. The tender was opened on 28.12.2017.
- 5. The Company received letter No. CHE/116/BP/ (Spl.Cell) LOKE/337 dated 02.12.2017 from the Municipal Corporation of Greater Mumbai (MCGM), informing de-reservation of RH.2.1 (Hospital), ROS 1.1 (Public Open Space), while retaining the reservation for 9.15meter DP Road (Development Planning) in RDDP-2034 (May 2016) within the plot.
- 6. In view of the above development the earlier approval given for layout became invalid. Consequently, the bid selected for award of contract for construction of five residential buildings was withdrawn by CPWD and as per our request CPWD refunded to us the deposit payment made to them.
- 7. The reservation for the DP road was provided for the general purpose of approach to hospital and public open space. As the reservation for hospital and public open space has been vacated, reservation for DP Road does not serve any purpose and de-reserving should be made applicable rightfully for this portion also. The Company submitted its representation to the Government of Maharashtra through the Urban Development Department vide letter No. ECGC/APDC/245/2017 dated 14.12.2017, for de-reserving the subject DP Road in question.

- 8. After vigorous follow up with the Urban Development Department, the Government of Maharashtra has sanctioned the deletion of DP Road 9.15 meter from the plot vide Notification No.TPB-432/CR-20/2021/UD-11 dated 12.03.2021.
- 9. The Architects had informed earlier that the applicable Floor Space Index (FSI) has been revised upwards by the MCGM. They had suggested that the Company may review the residential building plans and the required modifications including increase in number/area of flats can be accommodated before submitting the plan for approval by the MCGM. Accordingly, the Project Architects submitted three revised lay-outs based on our requirements. In consultation with CPWD, the Company finalized the plan with layout for 154 flats in five buildings for development. The Architects have been advised to review the additional specifications to enable further progress.

# Unity Infraprojects Ltd.

- 1. The Company has been involved in an arbitration proceeding initiated by Unity Infraprojects Limited after the contract for construction of office and residential buildings in Andheri property was terminated by the Company. While Unity Infraprojects Limited, Project Contractor submitted a claim on the Company to the tune of ₹ 23,02,81,857/-, on 30.06.2015, the Company has claimed a compensation of ₹31,63,42,930/-.
- 2. Unity Infraprojects had filed for insolvency before the National Company Law Tribunal (NCLT) in June 2017 and the NCLT had passed an Order of 'Moratorium'. The last hearing in the arbitration before Justice V.C. Daga between Unity Infraprojects and the Company was held on 20.12.2017. In view of the moratorium imposed on Unity Infraprojects Limited, the arbitration proceeding was stayed and the stay is still continuing. The last hearing in the NCLT was held on 05.04.2022 and Order upon insolvency of Unity Infraprojects is reserved. The Order in arbitration proceedings shall be passed after the order of the NCLT.

# **Update of pending arbitration matter pertaining to HCL:**

- 1. The Company has filed a claim of ₹25,52,48,342.96 plus interest and HCL has filed a counter claim of ₹146,98,02,403/- plus interest. The first preliminary hearing of the arbitration proceedings was held on 14.09.2018.
- The filing of evidence, examination and cross examination of witnesses, oral arguments and Written Submissions of Final arguments on behalf of both the Parties have been completed in the matter. Currently, the arbitration is pending for final award by Tribunal.
- 3. Based on the arbitration award, the Company will make appropriate accounting adjustments, if required during the relevant FY in which the award is given.

# **Update on Information Technology Implementation Program**

The arguments stage of the arbitration proceedings between the Company and HCL was completed in March 2021, and the submission of final written arguments is completed. The Arbitration Award is awaited.

Based on the arbitration award, the Company will make appropriate accounting adjustments, if required, during the relevant FY in which the award is given.

# STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company is in the export credit risk insurance business and is registered as a non-life insurance company with IRDAI. Aggregation of export credit risks is inherent in the nature of business. The Company has reviewed its Risk Management Policy to establish an enterprise-wide information system and regulate the risk profile of the Company, through its internal risk management framework. As part of risk management, the Company endeavours to obtain adequate reinsurance from reinsurers

and support from the Government of India, in addition to implementing exposure norms for prudential limits in its business. The Risk Management Committee of Board (RMC) monitors the implementation of exposure norms for prudential limits and developments that affect the risk profile of the business of the Company. The Company manages an investment portfolio that comprises of Shareholders' and Policyholders' funds. The investment risks are managed by investing across industries and securities, to ensure that liquidity risks are minimized with optimum return on the investment and are monitored by the Investment Committee of the Board. The Company also follows the Board-approved Asset Liability Management (ALM) Policy. The ALM position is reported to the RMC of the Board on a quarterly basis. The Company has initiated action to further improve its risk management functions to make it more dynamic with the help of external consultants.

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Please refer to Annexure III.

# PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013 Nil

# PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Details of contracts or arrangements or transactions at arm's length basis in the ordinary course of business:

The NEIA Trust is a Public Trust formed by Government of India. ECGC is administering the Trust. CMD is the Chairman of the Trust and Executive Director (Policy Matters) is the Managing Trustee. ECGC is entitled to 5% of premium income to meet administrative expenditure. ECGC has been managing the Trust since 2006.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors subscribe to the Directors' Responsibility Statement and confirm that –

- (a) The Company had, in the preparation of the annual accounts, followed the applicable accounting standards, along with the proper explanations relating to material departures, if any;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the FY ended March 31, 2022;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the FY ended March 31, 2022, on a 'going concern' basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **ACKNOWLEDGEMENTS**

The Board of Directors places on record its gratitude to the Department of Commerce, Ministry of Commerce & Industry; Department of Economic Affairs, Department of Expenditure, Department of Financial Services and Department of Public Enterprises, Ministry of Finance; Ministry of External Affairs, Government of India; Insurance Regulatory & Development Authority of India (IRDAI); The Comptroller & Auditor General of India; Reserve Bank of India, NITI Aayog and offices of the Indian Embassies and High Commissions in various countries, for their continued support and guidance to the Company and the keen interest exhibited in the affairs

and growth of the Company. The Directors are grateful to Exporters,

Banks and Reinsurers for their continued trust reposed in the Company.

The Directors thank the Rating Agencies and Debt Collection Agents who

have contributed to the Company's underwriting and recovery efforts

respectively. The Directors thank and place on record, the feedback and

support received from the FIEO, various Export Promotion Councils,

Industrial Organisations, Chambers of Commerce, Trade Organisations

and Insurance Brokers. The Directors place on record, their thanks to the

Auditors for the valuable advice and support received from time to time.

The Directors express their deep sense of appreciation to all officers and

staff who continue to display outstanding dedication and commitment,

enabling the Company to retain market leadership in its business

operations.

For and on behalf of the Board of Directors

M. Senthilnathan **Chairman-cum-Managing Director** 

**DIN 07376766** 

Place: Mumbai

Date: May 25, 2022

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### **CORPORATE GOVERNANCE**

### ECGC'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company ensures transparency and integrity in communication and makes complete, accurate and precise information available to all its stakeholders. The Company is committed to and is continuously striving to ensure compliance with international standards and best practices of Corporate Governance, as relevant to the Government of India-owned entities.

The Company considers itself as a Trustee of its stakeholders and acknowledges its responsibility towards them for creation and safeguarding the stakeholders' wealth and interests. During the financial year under review, the Company continued its pursuit of achieving its objectives through formulation and execution of corporate strategies, specific business plans, underwriting policies/procedures, prudent risk management policies/practices and accounting policies. All policies/procedures are framed conforming to legal and ethical responsibilities.

### **BOARD OF DIRECTORS**

The Board of Directors formulates strategies, policies and reviews the performance of the Company periodically. The composition of the Board of Directors of the Company is governed by Article 57 read with Article 63 of the Articles of Association (AOA) of the Company. Articles 57 and 63 of the AOA provide that the Board of Directors shall consist of a Chairman, a Managing Director or a Chairman-cum-Managing Director (where the office is held by one and the same person), an Executive Director/Executive Director (Policy Matters)/Executive Director (Operations)/Senior-most Executive Director and not less than three and not more than thirteen other directors representing the Government of India, Reserve Bank of India, Export Import Bank of India, General Insurance Corporation of India, Public Sector Banks, Federation of Indian Export Organizations,

Export Promotion Councils and Individuals connected with exports. The Company being a Government Company, the appointment of Directors is being done by the Government of India. As of date, five of the thirteen positions of the Part-Time Directors on the Board remain vacant. The process of filling up these vacancies has already been initiated.

The Board of Directors has an optimum combination of Executive/ Functional Directors and Non-Executive Directors. The Independent Directors (Non-Executive Part-Time Non-Government Directors i.e. Non-Official Directors as per DPE Guidelines) have submitted their disclosure to the Board that they fulfil all the requirements so as to qualify for their appointment as an Independent Director under the provisions of the Companies Act, 2013.

The Board-approved Related Party Transactions (RPT) Policy of the Company ensures that all related party transactions in the normal and ordinary course of business are brought to the notice/approval of the Audit Committee and/or Board. The Board Members as well as Key Managerial Personnel (KMP) are required to declare their interest in all the contracts in which they are interested.

The Board periodically reviews and takes remedial action to implement the risk management plan.

The name of Directors on the Board during the Financial Year 2021-22 along with their qualification, dates of appointment and categories under which they were appointed, are furnished in **Table 1** below:

Table 1

S. No.	Name of the Directors	Qualification	Date of Appointment on the Board (DD/MM/YYYY)	Category
1.	Shri M. Senthilnathan Chairman-cum- Managing Director, ECGC Ltd.	B.Sc., MBA	30/12/2015 CMD w.e.f. 29/04/2020)	Functional Director (Whole-Time Director)
2.	Shri Vipul Bansal, IAS	B.Com, CA	16/11/2021	Non-Executive Part-Time Government Director (Ministry of Commerce & Industry, GOI)
3.	Smt. Aparna Bhatia, IES	Post Graduate in Economics, M. Phil.	16/11/2021	Non-Executive Part-Time Government Director (Ministry of Finance, GOI)
*4.	Shri Shirish Chandra Murmu, Executive Director, RBI	M.Sc., CAIIB	10/01/2020	Non-Executive Part-Time Non- Government Director
*5.	Ms. Harsha Bangari, MD, Exim Bank	B.Com, CA	23/09/2021	Ex-Officio Non-Executive Part-Time Non- Government Director

*6.	Shri Devesh Srivastava, Chairman, GIC	M.Sc.(Physics) PGDBM	21/01/2020	Ex-Officio Non-Executive Part-Time Non- Government Director
*7.	Dr. A. Sakthivel, President, FIEO	Diploma in Automobile Engineering	09/08/2021	Ex-Officio Non-Executive Part-Time Non- Government Director
*8.	Shri Amit Kumar Agarwal	Post Graduate in Commerce	03/11/2021	Non-Executive Part-Time Non- Government Director
*9.	Smt. Pratibha Kushwaha	Post Graduate in Humanities	11/11/2021	Non-Executive Part-Time Non- Government Director
10.	Shri Sunil Joshi, Executive Director (Policy Matters), ECGC Ltd.	M.Sc. (Physics)	09/07/2020	Functional Director (Whole-Time Director)
11.	Shri Amitabh Kumar, IRS	M.B.A, LL.B	20/11/2020 (Ceased to be a Director w.e.f. 16/11/2021)	Non-Executive Part-Time Government Director (Ministry of Commerce & Industry, GOI)

12.	Shri K. Rajaraman, IAS	B.Tech, M.B.A (Fin Mgt.), M.A (Economics)	08/08/2018 (Ceased to be a Director w.e.f. 18/10/2021)	Non-Executive Part-Time Government Director (Ministry of Finance, GOI)
*13.	Shri Sharad Kumar Saraf, President, FIEO	Electronics Engineering from IIT Bombay	22/07/2019 (Ceased to be a Director w.e.f. 28/06/2021)	Ex-Officio Non-Executive Part-Time Non- Government Director
14.	Shri David Paul Rasquinha, MD, EXIM Bank	Post Graduate in Business Management	22/07/2019 (Ceased to be a Director w.e.f. 31/05/2021)	Ex-Officio Non-Executive Part-Time Non- Government Director

<sup>\*</sup> Non-Official (Independent) Directors

### **BRIEF DESCRIPTION OF NEW DIRECTORS: -**

### 1. Shri Vipul Bansal

Shri Vipul Bansal is an Indian Administrative Services officer of 2005 batch. Prior to his appointment as the Joint Secretary in the Department of Commerce, Ministry of Commerce & Industry since November 01, 2021 he has served in several ministries of the Government of India, including Finance and Defence. He is presently looking after Export Promotion (Gems & Jewellery, Services), Foreign Trade (LAC, ST, SA/SAARC/IRAN), SEZ, MOU, Trade Finance and Project Development Cell.

Shri Bansal has completed his Chartered Accountancy in 2001. He is an alumnus of Sri Ram College of Commerce, University of Delhi, where he completed his Bachelor's degree in Commerce in 1998.

He joined as a Director on the Board of the Company on November 16, 2021.

### 2. Smt. Aparna Bhatia

Smt. Aparna Bhatia is an Indian Economic Services officer of 1996 batch. She is presently posted as Adviser (Bilateral Cooperation) in the Ministry of Finance. Smt. Bhatia is an alumnus of Punjab University, where she completed her Post-Graduation in Economics in 1996 and M. Phil thereafter.

She joined as a Director on the Board of the Company on November 16, 2021.

### 3. Ms. Harsha Bangari

Ms. Harsha Bangari is the Managing Director of the Export-Import Bank of India (India Exim Bank). Prior to this she was the Deputy Managing Director, Chief General Manager and Chief Financial Officer of India Exim Bank.

Having joined the India Exim Bank in 1995, Ms. Bangari is a seasoned finance professional with experience of more than 27 years in the financial sector and has thorough knowledge of the Bank's processes and business policies across functions, covering all products of the Bank including cross-border project financing as well as Risk Management, Client Servicing and Liability side management, including Treasury Functions and Foreign Currency Resources. Her areas of interest include international debt capital markets and international project finance, where she has an operational experience of more than 14 years.

Ms. Bangari is a Bachelor of Commerce and a Chartered Accountant.

She joined as a Director on the Board of the Company on September 23, 2021.

#### 4. Dr. A. Sakthivel

Dr. A. Sakthivel is the President of the Federation of Indian Export Organisations (FIEO) and also the Southern Region In-Charge of the Apparel Export Promotion Council (AEPC). A visionary Trade and Industry leader with an experience of well over three-and-a-half decades,

Dr. Sakthivel has several path breaking initiatives added to his name as Guide, Mentor, Nationalist, Philanthropist and Humanist approach. A staunch votary of exporters issues, Dr. Sakthivel has earlier also served FIEO, AEPC and Tirupur Exporters' Association as their top functionary and played a vital role to help the growth of exports sector in India, especially for MSMEs, and his service has been well recognized both across the country and internationally. As the Founder-President of Tirupur Exporters' Association, his immense contribution to the growth of exports from Tirupur has played a key role in bringing Tirupur on the global map by getting it recognized as an association for cluster development.

Dr. A. Sakthivel holds a Diploma in Automobile Engineering and he has also been conferred Degree of Doctor of Literature (honoris causa) from the Bharathiyar University, Coimbatore in the year 2011 for his pivotal role in inspiring and motivating youngsters to become exporters. Dr. A. Sakthivel was conferred 'Padma Shri' award in the year 2009 by the Government of India in recognition of his exceptional service to the export sector.

He joined as a Director on the Board of the Company on August 09, 2021.

### 5. Shri Amit Kumar Agarwal

Shri Amit Kumar Agarwal is the Managing Partner of Kumar International and the Past Chairman of the Laghu Udyog Bharti, Moradabad. He is in the business of metal handicraft exports and also in social service.

Shri Agarwal is a post graduate in Commerce from Rohilkhand University in the year 1993.

He joined as a Director on the Board of the Company on November 03, 2021.

#### 6. Smt. Pratibha Kushwaha

Smt. Pratibha Kushwaha is an Independent Director of the Company. She is the Manager at the Pratibha Samajothan Vikas Samiti and is also a social worker.

Smt. Kushwaha is a post graduate in Humanities from Nehru Gram Bharti, Allahabad in the year 2010.

She joined as a Director on the Board of the Company on November 11, 2021.

### DETAILS OF FAMILIARISATION & TRAINING PROGRAMMES FOR DIRECTORS

At the time of induction of a new Director, a welcome letter is addressed to the new Director along with details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him/her under the Companies Act, 2013 and other applicable statutes/rules/regulations including the Department of Public Enterprises (DPE) and Insurance Regulatory and Development Authority of India (IRDAI) applicable guidelines. Relevant Disclosures are taken from the Director. The Management of the Company familiarises the new Director with the Company, its operations, important policies and processes followed by various sectors/departments of the Company, including their roles and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. The Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board-related practices and orientation programmes etc. conducted by various Institutes of repute like National Insurance Academy (NIA), Insurance Regulatory and Development Authority of India (IRDAI), Standing Conference of Public Enterprises (SCOPE), Indian Institute of Corporate Affairs (IICA), Department of Public Enterprises (DPE) etc.

All Directors are regularly updated on the various provisions related to corporate governance and other applicable rules and regulations of the Company during the Board/Committee meetings as per the internal training policy for the Directors of the Company.

Due to pre-occupation/busy schedule of the Directors on the dates of training organised by various Institutions from time-to-time, the Company

could not impart training to all the Directors till date except to the following Directors during FY 2021-22 as follows:

S.	DESIGNATION	NAME OF THE	DETAILS OF TRAINING
No		DIRECTOR	IMPARTED
			(SUBJECT AND DATE)
1.	Non-Official	Shri Amit	Orientation Program for
	(Independent)	Kumar Agarwal	capacity building of newly
	Director		appointed Non-Official
			Directors of CPSEs on
			January 28, 2022.
		Dr. A. Sakthivel	Orientation program for
			capacity building of Directors
			of Central Public Sector
			Enterprises (CPSEs) on
			December 22, 2021.
			Orientation Program for Non-
			Executive Directors of General
			and Standalone Health
			Insurance Companies from
			September 21 - 23, 2021.
		Smt. Pratibha	Orientation program for
		Kushwaha	capacity building of Directors
			of Central Public Sector
			Enterprises (CPSEs) on
			December 22, 2021.
		Shri S. C.	Online Orientation Program
		Murmu	for Non-Executive Directors of
			General and Standalone
			Health Insurance Companies
			from September 21 - 23,
			2021.

2.	Non-	Shri K.	Orientation Program for Non-
	Executive	Rajaraman	Executive Directors of General
	Government		and Standalone Health
	Director		Insurance Companies from
			June 14- 16, 2021.

During the FY 2022-23, Shri Amit Kumar Agarwal and Smt. Pratibha Kushwaha also attended a three-day Master Class on Building better Board conducted by the Indian Institute of Corporate Affairs (IICA) from April 07 – 09, 2022.

# DETAILS OF THE MEETINGS OF THE BOARD OF DIRECTORS FOR FY 2021-22

The Board of Directors is required to meet at least four times every year in such a manner that not more than 120 days or such extended period shall intervene between two consecutive meetings of the Board, pursuant to the provisions of Section 173 of the Companies Act, 2013 or the relaxations granted by the Government of India on account of the Covid-19 pandemic. The Company sends to all Directors notices, agenda and notes to agenda which are exhaustive in nature in compliance with Secretarial Standards on Board Meeting issued by the Institute of Company Secretaries of India. Pursuant to Section 174 of the Companies Act, 2013, the Company provides video conferencing/ Other Audio-Visual Means (OAVM) facility to the Directors to enable them to participate in the Board/ Committee meetings, if they so desire. Five meetings were held during the FY 2021-22. Details of the meetings of the Board of Directors held during the FY 2021-22 are furnished below in **Table 2**:

Table 2

S. No.	Meeting	Date of the	Board	No. of
	Number	Meeting	Strength	Directors
		(DD/MM/YYYY)		present
1.	431	16/07/2021	6	6
2.	432	10/08/2021	7	7
3.	433	18/11/2021	10	7
4.	434	10/02/2022	10	8
5.	435	23/03/2022	10	8

Details of attendance of the Directors at the Board Meeting and Annual General Meeting are furnished below in **Table 3** and **Table 4** respectively.

# DETAILS OF ATTENDANCE OF THE DIRECTORS AT THE BOARD MEETINGS

Table 3

Name of the Director	Nature of Director- ship	Designation in the Board	Meeting dated 16/07/ 2021	Meeting dated 10/08/ 2021	Meeting dated 18/11/ 2021	Meeting dated 10/02/ 2022	Meeting dated 23/03/ 2022
Shri M. Senthilnathan	Executive Director	Chairman (Whole- Time)	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Present
Smt. Aparna Bhatia	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Present	Present	Absent	Absent	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present

Shri Devesh Srivastava	Non- Executive Director	Independent Director	Present	Present	Present	Absent	Present
Dr. A. Sakthivel	Non- Executive Director	Independent Director	NA	Present	Absent	Present	Present
Shri Amit Kumar Agarwal	Non- Executive Director	Independent Director	NA	NA	Present	Present	Present
Smt. Pratibha Kushwaha	Non- Executive Director	Independent Director	NA	NA	Present	Present	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present	Present	Present	Present	Present
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Present	NA	NA	NA
Shri K. Rajaraman	Non- Executive Director	Govt. Director	Present	Present	NA	NA	NA
Shri Sharad Kumar Saraf	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

# DETAILS OF ATTENDANCE OF THE DIRECTORS AT THE ANNUAL GENERAL MEETING

### Table 4

Name of the Director	Nature of Director- ship	Designation in the Board	63 <sup>rd</sup> Annual General Meeting held on November 18, 2021
Shri M. Senthilnathan	Executive Director	Chairman (Whole- Time)	Present
Shri Vipul Bansal	Non-Executive Director	Govt. Director	Present
Smt. Aparna Bhatia	Non-Executive Director	Govt. Director	Absent

Shri S.C. Murmu	Non-Executive Director	Independent Director	Absent
Ms. Harsha Bangari	Non-Executive Director	Independent Director	Absent
Shri Devesh Srivastava	Non-Executive Director	Independent Director	Present
Dr. A. Sakthivel	Non-Executive Director	Independent Director	Present
Shri Amit Kumar Agarwal	Non-Executive Director	Independent Director	Present
Smt. Pratibha Kushwaha	Non-Executive Director	Independent Director	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present
Shri Amitabh Kumar	Non-Executive Director	Govt. Director	NA
Shri K. Rajaraman	Non-Executive Director	Govt. Director	NA
Shri Sharad Kumar Saraf	Non-Executive Independent Director		NA
Shri David Paul Rasquinha	Non-Executive Director	Independent Director	NA

# DETAILS OF OTHER DIRECTORSHIPS HELD BY THE DIRECTORS AS OF MARCH 31, 2022 ARE FURNISHED BELOW IN TABLE 5.

Table 5

Name of the Director	No. of other Directorships held *
Shri M. Senthilnathan	0
Shri Vipul Bansal	4
Smt. Aparna Bhatia	0
Shri S.C. Murmu	0

Ms. Harsha Bangari	0
Shri Devesh Srivastava	5
Dr. A. Sakthivel	6
Shri Amit Kumar Agarwal	0
Smt. Pratibha Kushwaha	0
Shri Sunil Joshi	0
Shri Amitabh Kumar (up to 16/11/2021)	1
Shri K. Rajaraman (up to 18/10/2021)	1
Shri Sharad Kumar Saraf (up to 28/06/2021)	5
Shri David Paul Rasquinha (up to 31/05/2021)	0

<sup>\*</sup>Directorship in companies registered under the Companies Act, 2013, excluding directorships in private companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

### **AUDIT COMMITTEE - COMPOSITION AND ATTENDANCE**

The constitution of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013. The Audit Committee of the Company has been re-constituted on 09/08/2021, 23/09/2021 and 16/11/2021 during the FY 2021-22. As of 31/03/2022, the Audit Committee of the Company comprises of six Non-Executive Directors. Shri Devesh Srivastava was appointed as the Chairman of the Audit Committee w.e.f. July 15, 2021 on cessation of the Directorship of Shri David Rasquinha w.e.f. May 31, 2021. Smt. Smita V. Pandit, Company Secretary of the Company is the Secretary of the Audit Committee.

The objective of the Audit Committee is to oversee and provide direction to the total audit functions of the Company i.e. supervision of internal audit

and inspection within the Company and follow up action taken on points raised by the statutory/ external auditors of the Company and C&AG of India. The Board approved Terms of Reference of the Audit Committee covers all matters specified under Section 177 of the Companies Act, 2013, IRDAI Guidelines for Corporate Governance for insurers in India and the Department of Public Enterprises Guidelines for Corporate Governance for Central Public Sector Enterprises.

The Audit Committee met five times, on 15/07/2021, 10/08/2021, 16/11/2021, 08/02/2022 and 22/03/2022 during the FY 2021-22. The details of the attendance of the Members at the Audit Committee meetings are furnished below in **Table 6**:

Table 6

Name of the Director	Nature of Director- ship	Designation in the Committee	Meeting dated 15/07/ 2021	Meeting dated 10/08/ 2021	Meeting dated 16/11/ 2021	Meeting dated 08/02/ 2022	Meeting dated 22/03/ 2022
Shri Devesh Srivastava	Non- Executive Director	Independent Director	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Absent
Smt. Aparna Bhatia	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Absent	Present	Present	Present	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present
Dr. A. Sakthivel	Non- Executive Director	Independent Director	NA	Present	Present	Present	Present
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Absent	NA	NA	NA

Shri K. Rajaraman	Non- Executive Director	Govt. Director	Absent	Present	NA	NA	NA
Shri Sharad Kumar Saraf	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

### **INVESTMENT COMMITTEE - COMPOSITION AND ATTENDANCE**

The Investment Committee of the Company was re-constituted on 09/09/2021, 23/09/2021 and 16/11/2021 during the FY 2021-22. The Investment Committee met five times, on 15/07/2021, 10/08/2021, 16/11/2021, 08/02/2022 and 22/03/2022 during the FY 2021-22. The details of the attendance of the Members of the Investment Committee Meetings are furnished below in **Table 7**:

Table 7

Name of the Director	Nature of Director- ship	Designation in the Committee	Meeting dated 15/07 /2021	Meeting dated 10/08/ 2021	Meeting dated 16/11/ 2021	Meeting dated 08/02/ 2022	Meeting dated 22/03/ 2022
Shri M. Senthilnathan	Executive Director	Chairman	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Absent	Present	Absent
Smt. Aparna Bhatia	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Absent	Present	Absent	Present	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present

Shri Devesh Srivastava	Non- Executive Director	Independent Director	Present	Present	Present	Present	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present	Present	Present	Present	Present
Smt. Priscilla Sinha	AA	Member	Present	Present	Present	Present	Present
Shri Nirdosh Chopra	CFO & CRO	Member	Present	Present	Present	Present	Present
Shri Yashwant Breed	CIO	Member	NA	NA	Present	Present	Present
Smt. Arpita Sen	CIO	Member	Present	Present	NA	NA	NA
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Absent	NA	NA	NA
Shri K. Rajaraman	Non- Executive Director	Govt. Director	Absent	Absent	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

CRO – Chief Risk Officer, CFO – Chief Financial Officer, CIO – Chief Investment Officer, AA – Appointed Actuary

# POLICYHOLDERS' INTERESTS PROTECTION COMMITTEE - COMPOSITION AND ATTENDANCE

The Policyholders' Interests Protection Committee of the Company was re-constituted on 09/08/2021, 23/09/2021 and 16/11/2021 during the FY 2021-22. The Policyholders' Interests Protection Committee met five times, on 15/07/2021, 10/08/2021, 16/11/2021, 08/02/2022 and 22/03/2022 during the FY 2021-22. The details of the attendance of the Members at the Policyholders' Interests Protection Committee Meetings are furnished below in **Table 8**:

Table 8

Name of the Director	Nature of Director- ship	Designation in the Committee	Meeting dated 15/07/ 2021	Meeting dated 10/08/ 2021	Meeting dated 16/11/ 2021	Meeting dated 08/02/ 2022	Meeting dated 22/03/ 2022
Shri Devesh Srivastava	Non- Executive Director	Chairman	Present	Present	Present	Absent	Present
Shri M. Senthilnathan	Executive Director	Member	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Absent	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Absent	Present	Absent	Present	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present
Dr. A. Sakthivel	Non- Executive Director	Independent Director	NA	Present	Present	Present	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present	Present	Present	Present	Present
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Absent	NA	NA	NA
Shri Sharad Kumar Saraf	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

# RISK MANAGEMENT COMMITTEE - COMPOSITION AND ATTENDANCE

The Risk Management Committee of the Company was re-constituted on 23/09/2021 and 16/11/2021 during the FY 2021-22. The Risk Management Committee met five times, on 15/07/2021, 10/08/2021, 16/11/2021, 08/02/2022 and 22/03/2022 during the FY 2021-22. The

details of the attendance of the Members at Risk Management Committee Meetings are furnished below in **Table 9**:

Table 9

Name of the Director	Nature of Director- ship	Designation in the Committee	Meeting dated 15/07/ 2021	Meeting dated 10/08/ 2021	Meeting dated 16/11/ 2021	Meeting dated 08/02/ 2022	Meeting dated 22/03/ 2022
Shri M. Senthilnathan	Executive Director	Chairman	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Absent	Present	Absent
Smt. Aparna Bhatia	Non- Executive Director	Govt. Director	NA	NA	Present	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Absent	Present	Absent	Present	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present
Shri Devesh Srivastava	Non- Executive Director	Independent Director	Present	Present	Present	Present	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present	Present	Present	Present	Present
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Absent	NA	NA	NA
Shri K. Rajaraman	Non- Executive Director	Govt. Director	Absent	Present	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

### NOMINATION AND REMUNERATION COMMITTEE:

ECGC Ltd. being a Government Company, the appointment and the terms and conditions of appointment (including remuneration), of the Whole-time Directors are decided by the Government of India. However, the Board has constituted a Nomination and Remuneration Committee and it was re-constituted on 09/08/2021, 23/09/2021 and 16/11/2021 during the FY 2021-22. No meeting of the NRC was held during the FY 2021-22. The details of the Members of the NRC are furnished below in **Table 10**.

Table 10

Name of the	Nature of	Designation in	Date of
Director	Directorship	the Committee	appointment as
			Member
			(DD/MM/YYYY)
Ms. Harsha	Non-Executive	Chairman	23/09/2021
Bangari	Director	(w.e.f.	
		18/11/2021)	
Shri Vipul	Non-Executive	Govt. Director	16/11/2021
Bansal	Director		
Shri Shirish	Non-Executive	Independent	10/01/2020
Chandra	Director	Director	
Murmu			
Shri Devesh	Non-Executive	Independent	21/01/2020
Srivastava	Director	Director	
Dr. A.	Non-Executive	Independent	09/08/2021
Sakthivel	Director	Director	
Shri Sunil	Executive	Whole-Time	09/07/2020
Joshi	Director	Director	
Shri Amitabh	Non-Executive	Govt. Director	20/11/2020
Kumar	Director		(Ceased to be a
			Member w.e.f.
			16/11/2021)

Shri Sharad	Non-Executive	Independent	22/07/2019
Kumar Saraf	Director	Director	(Ceased to be a
			Member w.e.f.
			28/06/2021)
Shri David	Non-Executive	Chairman	07/08/2019
Paul	Director		(Ceased to be
Rasquinha			the Chairman
			and Member
			w.e.f.
			31/05/2021)

ECGC is a 100% Government of India (GOI)-owned Company. Appointment of all Directors including the Chairman-cum-Managing Director is done by the President of India as per recommendation of the Department of Commerce, Ministry of Commerce & Industry in compliance with the Department of Public Enterprises guidelines. The Board takes on record all such appointments and necessary forms are filed with the ROC including informing IRDAI. Remuneration of the Whole Time Directors is fixed by the GOI.

The Government Nominee Directors are appointed (as Non-Executive Part-Time Government Directors) by the Ministry of Commerce & Industry and they are not entitled to any remuneration/ sitting fees. The Non-Executive Part-Time Non-Government Directors (Independent Directors) are appointed by the GOI and they (excluding Directors appointed under the category of (i) Reserve Bank of India (ii) Chairman/ Managing Director of EXIM Bank (iii) Chairman/Managing Director of Nationalised banks to be nominated by the Government and (iv) Chairman/ Managing Director of General Insurance Corporation of India) are entitled to sitting fees for attending the Board/ Committee Meetings as prescribed by the Board in adherence with the Government directives/ statutory rules and regulations (the Company has revised the sitting fee to ₹20,000 per Board Meeting and ₹10,000 for each Committee Meeting per Member effective from November 23, 2021).

The Company has not paid any commission to its Directors. The Company has not issued any stock options to its Directors. None of the Non-Executive Directors had any pecuniary relationship or transactions with the Company during the FY 2021-22. The Pay Scales and allowances of Officers and Staff of ECGC Ltd. are approved by the GOI.

# COMMITTEE OF BOARD ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT (SD):

A Committee on CSR & SD of the Company has been constituted for monitoring the Company's CSR & SD Projects/Activities. It was reconstituted on 09/08/2021, 23/09/2021 and 16/11/2021 during the FY 2021-22. Shri M. Senthilnathan, CMD is the Chairman of the Committee w.e.f. 29/04/2020.

The Committee on CSR & SD met five times, on 15/07/2021, 10/08/2021, 16/11/2021, 08/02/2022 and 22/03/2022 during the FY 2021-22. The details of the attendance of the Members at the Meetings of the Committee on CSR & SD are furnished below in **Table 11**.

Table 11

Name of the Director	Nature of Director- ship	Designation in the Committee	Meeting dated 15/07/ 2021	Meeting dated 10/08/ 2021	Meeting dated 16/11/ 2021	Meeting dated 08/02/ 2022	Meeting dated 22/03/ 2022
Shri M. Senthilnathan	Executive Director	Chairman	Present	Present	Present	Present	Present
Shri Vipul Bansal	Non- Executive Director	Govt. Director	NA	NA	Absent	Present	Absent
Shri S.C. Murmu	Non- Executive Director	Independent Director	Absent	Present	Absent	Present	Absent
Ms. Harsha Bangari	Non- Executive Director	Independent Director	NA	NA	Absent	Present	Present

Shri Devesh Srivastava	Non- Executive Director	Independent Director	Present	Present	Present	Present	Present
Dr. A. Sakthivel	Non- Executive Director	Independent Director	NA	Present	Present	Present	Present
Shri Sunil Joshi	Executive Director	Whole-Time Director	Present	Present	Present	Present	Present
Shri Amitabh Kumar	Non- Executive Director	Govt. Director	Present	Absent	NA	NA	NA
Shri Sharad Kumar Saraf	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA
Shri David Paul Rasquinha	Non- Executive Director	Independent Director	NA	NA	NA	NA	NA

# PERFORMANCE EVALUATION OF THE DIRECTORS, THE BOARD AND MEETING OF THE INDEPENDENT DIRECTORS

The requirement relating to performance evaluation of Board Members under Section 178(2) of the Companies Act, 2013 is exempted for Government Companies vide circular dated 05/06/2015 issued by the Ministry of Corporate Affairs (MCA). The provisions of Section 134(3)(p) of the Act which requires mentioning the manner of formal evaluation of the Board, Committees and individual Directors, in the Board Report is also exempted for the Government Companies, if Directors are evaluated by the Administrative Ministry. The Company's evaluation is done through annual Memorandum of Understanding (MOU) with the Department of Public Enterprises (DPE) with marks/ weight for financial and non-financial targets. Our Productivity-Linked Lumpsum Incentive (PLLI) is based on marks/ grade obtained in such evaluation by the respective Ministry.

The DPE vide OM dated 20/06/2013 has withdrawn review of the performance of the Chairperson of the Company after taking into account the views of all the Directors, from the purview of separate meeting of

Independent Directors. The MCA had, vide circular dated July 05, 2017 also exempted evaluation mechanism of Non-Independent Directors and Chairperson of Government Companies as specified in Schedule IV to the Companies Act, 2013.

During the FY 2021-22, the Independent Directors met on 18/11/2021 as per the requirement of DPE guidelines (Office Memorandum dated 20/06/2013), inter alia, to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **GENERAL MEETINGS**

The details of the General Meetings held during the last three years are furnished below in **Table 12**:

Table 12

S. No.	Financial Year	No. of AGM	Date & Time	Venue	No. of Special Resolutions passed, if any
1	2018-19	EGM	December 07, 2018 1500 Hrs	Udyog Bhawan, New Delhi	10
2	2018-19	61	August 26, 2019 1500 Hrs	Udyog Bhawan, New Delhi	NIL
3	2019-20	62	November 24, 2020 1500 Hrs.	Registered Office, Mumbai	NIL
4	2020-21	63	November 18, 2021 1600 Hrs.	Udyog Bhawan, New Delhi	NIL

### **CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors has laid down a Code of Business Conduct and Ethics for all the Board Members and Senior Management Personnel of the Company, which has been posted on the website of the Company (<a href="https://www.ecgc.in">www.ecgc.in</a>).

### **DISCLOSURE**

The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners except transactions carried out in the ordinary course of business. On 23/03/2022 the Board adopted the revised policy on RPT under the nomenclature 'Policy on Related Party Transactions'. The Company has disclosed details of transactions with related parties as per the disclosure requirements of Indian Accounting Standard – 24 on Related Party disclosures and the exemption granted to the Government Companies.

There are no payments made to individual firms, companies and organizations in which Directors of the Company are interested, except transactions carried out in the ordinary course of business:

The Company has laid down procedures to inform Board Members about the risk assessment and its minimization, which is periodically reviewed by the Risk Management Committee of the Board, to ensure that effective risk control is exercised by the Management.

The Board periodically reviews compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances.

The Company has adopted a Whistle Blower Policy enabling each employee to feel safe in raising concerns about any unacceptable/ unethical practice and/or any event of misconduct, at any level, that comes to his/her notice, without fear of consequences thereof.

No penalty was imposed on the Company, by any statutory or regulatory authority, on any matter related to various statutes of the land, during the last three years, except the following:

1. The Maharashtra Stamp Act, 1958: Stamp Office, Mumbai, Maharashtra State has, vide its letter dated 06/01/2015, imposed a penalty of ₹4,46,710/- (Rupees four lakhs forty-six thousand seven

hundred ten only), for non-payment of stamp duty of ₹7,20,500/- payable on the construction contract agreement entered with Project Contractor, Unity Infraprojects Limited on April 07, 2012.

However, the Company has represented its case on January 22, 2015 to the Deputy Inspector General of Registration for waiver of penalty and the matter is being continuously followed up with the respective authority for early decision. The appeal is pending as of date for arguments and next date of hearing in the matter is May 25, 2022.

2. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 - ECGC while executing the order dated 09.08.2016 issued by the Regional Provident Fund Commissioner-I and further order dated 18.11.2016 issued by the Regional PF Commissioner (C&R), Mumbai. Employees' Provident Fund Organisation (EPFO) had transferred the PF Contribution in respect of Casual workers from ECGC Employees' Provident Fund Trust to EPFO for the period from September 2010 to July 2017 (with regular PF Contribution with EPFO in respect of casual workers started from August 2017 onwards) and remitted both the shares of PF Contribution i.e. Employer and Member contribution on behalf of casual workers from the date of their respective engagements to August, 2010.

A Summons dated 10.04.2017 was issued to the Company by the Asst. PF Commissioner, EPFO u/s.7Q of EPF & MP Act for payment of interest on PF Contribution for ₹24,27,917/- and ₹43,18,042/- being damages u/s.14B for damages for the period from 01.04.2016 to 31.03.2017. The last hearing before APFC, EPFO was conducted on June 07, 2019 in which a detailed submission was made. The hearing was concluded on June 07, 2019 and the orders are reserved.

3. Employees Deposit Linked Insurance Scheme 1976 - APFC, EPFO has issued three notices to the Company dated 12.03.2019 (which also includes the interest and Penalty towards Summons dated 10.04.2017) Under Section 14B of the Act (and order of payment of Interest under Section 7Q) for belated remittances made during the following period:

- (i) July 1989 to February 1996 Total Amount (including damages and interest) for the period is ₹1,94,395/-
- (ii) March 1996 to August 2010 Total Amount (including damages and interest) for the period is ₹1,32,20,020/-
- (iii) September 2010 to August 2016 Total Amount (including damages and interest) for the period is ₹81,69,947/-

Total amount (including damages and interest) of the notices received is ₹2,15,84,362/-.

The last hearing before Assistant Provident Fund Commissioner (APFC), EPFO, Ministry of Labour & Employment, Government of India concluded on July 02, 2021. As per the order of APFC, EPFO dated July 31, 2021, the Company has made a consolidated payment of ₹1,62,87,209/comprising of damages (₹59,67,524/-) and interest (₹1,03,19,685/-) payable to the office of APFC, EPFO. Non-Compliance due to delayed remittance towards PF contribution reported under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 has been rectified and final order from APFC, EPFO has been complied with by the Company.

### PLACING OF AUDITED ACCOUNTS BEFORE THE PARLIAMENT

The audited accounts for FY 2020-21 of the Company were tabled before both the Houses of Parliament on February 11, 2022, in compliance with the statutory requirements in that regard, as 100% Equity Shares are held by the President of India and seven other nominees, on behalf of Government of India.

### SHAREHOLDERS' INFORMATION

(a) Annual General Meeting: The 64<sup>th</sup> Annual General Meeting is scheduled to be held at 1800 hrs. on September 05, 2022 in New Delhi.

(b) Shareholding Pattern as of March 31, 2022: The Company is fully

owned by the Government of India. The President of India holds

the entire lot of 39,50,00,000 Equity Shares of ₹100 each fully paid

up, issued by the Company including eight of those shares which

are held by the nominees of the President of India, on behalf of the

Government of India.

(c) Address for Correspondence: Smt. Smita V. Pandit, Company

Secretary, ECGC Limited, Express Towers, 10th Floor, Nariman

Point, Mumbai-400021. Email: cs@ecgc.in.

**MEANS OF COMMUNICATION** 

• Website: The Company's website viz., www.ecgc.in contains a

separate dedicated section on financial results under Section

"About Us". The full Annual Report is also available on the website

in user friendly and downloadable form.

• Financial Results: The annual, half-yearly and quarterly results are

regularly posted by the Company on its website www.ecgc.in.

Annual Report: The Annual Report, containing, inter alia, Audited

Annual Accounts, Directors' Report, Auditors' Report, and other

important information, is circulated to the Members and others

entitled thereto. The Management's Discussion and Analysis

(MD&A) Report placed at **Annexure IV** forms part of the Directors'

Report.

For and on behalf of the Board of Directors

M. Senthilnathan

Chairman-cum-Managing Director

**DIN 07376766** 

Place: Mumbai

Date: May 25, 2022

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Declaration

The Members of the Board and Senior Management Personnel have

affirmed compliance of the Code of Conduct for Board Members and

Senior Management Personnel for the Financial Year ended on March 31,

2022.

M. Senthilnathan

**Chairman-cum-Managing Director** 

**DIN 07376766** 

Place: Mumbai

Date: May 25, 2022

CERTIFICATE OF COMPLIANCE OF THE **CORPORATE** 

**GOVERNANCE GUIDELINES** 

I, Smita V. Pandit hereby certify that the Company has generally complied

with the Corporate Governance Guidelines for Insurance Company as

amended from time-to-time and nothing has been concealed or

suppressed.

Smita V. Pandit

**Company Secretary** 

Place: Mumbai

Date: May 25, 2022

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### R.S. PADIA & ASSOCIATES

### COMPANY SECRETARIES

#### CORPORATE GOVERNANCE CERTIFICATE FOR F.Y. 2021-22

To, The Members ECGC Limited, 10<sup>th</sup> Floor, Express Towers, Nariman Point, Mumbai – 400021.

- I have examined the compliance conditions of Corporate Governance by ECGC Limited (the "Company") CIN. U74999MH1957GOI010918 in accordance with the provisions of the Companies Act 2013 read with Guidelines issued by the Department of Public Enterprises for Central Public Sector Undertakings on May 14, 2010 for the Financial Year 2021-22. The Company is a Government of India Enterprise with full equity participation from Government of India.
- 2. The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.
- On the basis of my examination of the records produced and the explanations and information furnished, I certify that the Company has maintained proper records and complied with the conditions of Corporate Governance as stipulated in the DPE Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises for the Financial Year Ended 31st March 2022.
- I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai Date: 21.05.2022

UDIN: F006804D000360014

For R.S. Padia & Associates Company Secretaries

SWADHIN PADIA
CS Rajshree Padia
FCS: 6804. COP: 7488

Address: B1, 601, Greenland CHSL, J B Nagar, Andheri East, Mumbai - 400059. Email: <a href="mailto:rajshreecs@hotmail.com">rajshreecs@hotmail.com</a>. (M): 9819164904 A Lakhotia & Co.

Practicing Company Secretary

412, 4th Floor, Falcon Court, Damoji Patil Wadi, Mulund, Mumbai, Maharashtra-81. HP: +91 9322420337 Email: info@alandco.in, web: www.alandco.in

#### Form MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ECGC LIMITED
Express Towers, 10th Floor, Nariman point,
Mumbai 400021.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ECGC LIMITED (hereinafter called "the Company") bearing CIN: U74999MH1957GOI010918. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 ('Audit Period') has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2022 according to the provision of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (not applicable as the Company is unlisted);
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (not applicable as the Company is unlisted);

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (not applicable as the Company is unlisted);
  - The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015 (not applicable as the Company is unlisted);
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable as the Company is unlisted);
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (not applicable as the Company is unlisted);
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities)
     Regulations, 2008 (not applicable as the Company is unlisted);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (not applicable as the Company is unlisted);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable as the Company is unlisted); and
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable as the Company is unlisted)
  - vi. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that management has complied with the following laws specifically applicable to the Company:

- a) Insurance Act 1938 and Insurance (Amendment) Act, 2015;
- b) IRDA Act, 1999 and Rules made thereunder;
- c) Department of Public Enterprises (DPE) Guidelines, 2010;
- d) The Sexual Harassment of Woman at Workplace Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements- entered by the Company with Stock Exchanges (Not applicable as the Company is unlisted).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except the following:

- 1. Delay in filing half yearly Technical Audit report to IRDA by twenty nine days;
- 2. Delay in quarterly uploading of Accounts data under IRDAI BAP module by eighteen days;
- Non-Compliance with sub section (1) of Section 149 of Companies Act, 2013 with respect to appointment of Women Director from 01st October, 2020 till 22sd September, 2021.

#### I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain events at shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through unanimous resolution while the dissenting members' views are captured and recorded as part of the Minutes.

Based on the representation and explanation given to me I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations & guidelines.

I further report that during the reporting period, following changes took place in the Management:

- Cessation of Shri David Rasquinha from directorship with effect from 31st May, 2021;
- Cessation of Shri Sharad Kumar Saraf from directorship with effect from 28th June, 2021;
- Appointment of Dr. A. Sakthivel as an Independent Director with effect from 09th August, 2021;
- Appointment of Shri. Anand Singh as Key Managerial Person with effect from 16th August, 2021;
- Appointment of Shri. Yashwant B. Breed as the Chief Investment Officer (CIO) and Key Managerial Person with effect from 09th September, 2021;
- Cessation of Smt. Arpita Sen as Key Managerial Person with effect from 09th September, 2021;
- Appointment of Smt Harsha Bangari as an Independent Director with effect from 23rd September, 2021;
- Cessation of Shri K. Rajaraman as Government Nominee Director with effect from 18th October, 2021;

### A Lakhotia & Co. Practicing Company Secretary

- Appointment of Shri. Amit Kumar Agarwal as an Independent Director with effect from 03rd November, 2021;
- 10. Appointment of Smt. Aparna Bhatia as Government Nominee Director with effect from  $16^{\rm th}$  November, 2021;
- 11. Appointment of Smt. Pratibha Kushwaha as an Independent Director with effect from  $11^{\rm th}$  November, 2021;
- 12. Appointment of Shri. Vipul Bansal as Government Nominee Director with effect from  $16^{\rm th}$  November, 2021;
- 13. Cessation of Shri Amitabh Kumar as Government Nominee Director with effect from  $16^{th}$  November, 2021;

For, A Lakhotia & Co.

ABHISHEK LAKHOTIA

Date: 19.05.2022 Place: Mumbai Abhishek Kumar Lakhotia

M No.:9082 C.P No:10547

UC No: S2011MH170500 P.R No:594/2019

UDIN: F009082D000348071

Note: This report is to be read with my Annexure 'A' of even date which are annexed and forms an integral part of this report.

#### 'ANNEXURE - A'

My Secretarial Audit Report of even date is to be read along with this letter:

#### Management Responsibility:

Maintenance of secretarial record is the responsibility of the management of the Company.
 My responsibility is to express an opinion on these secretarial records based on my audit.

#### Auditors Responsibility:

- 2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records and other legal compliances as declared by the Company. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

#### Disclaimer:

Date: 19.05.2022

Place: Mumbai

- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, A Lakhotia & Co.

ABHISHEK balkerenin dilike Luciona ABHISHEK BALKER BALKER

Abhishek Kumar Lakhotia

M No.: 9082 C.P No.: 10547

UC No.: \$2011MH170500

P.R No: 594/2019

UDIN: F009082D000348071

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

A BRIEF OUTLINE OF THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS.

The Company has adopted the revised guidelines issued by the Department of Public Enterprise (DPE) on CSR in 2014 and has a Board-approved CSR policy. A CSR Committee of the Board has been constituted to monitor the CSR initiatives of the Company. An aggregate amount of ₹10,85,79,139/- was spent on CSR Activities of the Company during FY 2021-22.

The Company made a commitment of ₹300 lakh for FY 2021-22 for Aspirational District, Rajgarh, Madhya Pradesh and approved ten proposals viz. Project BALA -Building As Learning Aid (BALA) Paintings in 100 schools, Providing Activity Based Learning materials in 400 Anganwadi Centres (AWCs), Waste Collection Vehicle for District Hospital, Educational games in 1200 Anganwadi Centres (AWCs), Green House Farming, Construction of Room for Atal Tinkering Lab in Jawahar Navodaya School, Training to ASHA workers for Anaemia reduction, Foundational Literacy & Numeracy (FLN) in all primary schools for Grades 3-5, Plantation drive for afforestation and streetlights for women safety and road safety and Providing Window Mosquito Nets for Hostels.

The Company has continued its support to Transforming M-Ward Project i.e. M-Power Library and Study Centre in Mumbai, M-Ward through the Tata Institute of Social Sciences (TISS). M-Power offers its students a library stocked with textbooks of all stream (Arts, Science, Commerce). It has books to aid preparation for competitive examinations like MPSC, UPSC, NEET, etc. The library not only caters to satisfy the academic

needs of the students but also includes magazine and journal subscription, newspapers in multiple languages and collection of fiction to foster general reading and learning habits. Under these programs, the TISS continues with the coaching for competitive exams, computer education, conversational English, career guidance, life skill education etc.

Four projects viz. Awareness and Screening for detection and prevention of breast and cervical cancer, Malnutrition prevention and control program at Worli (Mumbai), Malnutrition prevention and control program at Anna Bhau Sathe Nagar (Mumbai), Maternal and child health and nutrition at Mahul Village (Mumbai) were undertaken through implementing agency, Concern India Foundation during FY 2020-21 and extended during 2021-22 have been completed. The Company continued to support projects on skill development, training of deaf youth in hospitality and retail trade, implemented by Development Education Empowerment of Disadvantage in Society (DEEDS) in Mumbai.

The Company supported the projects, Mobile Medicare Unit in Odisha and Medical activities in North East through Vivekananda Kendra during the year.

The Company, along with the implementing partner Aakar constructed "Smart Vermi Compost System Plant" at the Kalina campus of the Mumbai University, Mumbai. The Company continued its support with the medicines and consumables to the Bhaktivendanta Hospital & Research Institute, Mira Road, Thane District through Sri Chaitanya Seva Trust. This hospital provides its services to rural and tribal areas of Thane and Palghar districts. Further, the Company continued its support to Help-Home for the Aged & Homeless at Madurai through Rojavanam Trust, Madurai. Rehabilitation Project of Aniruddha Academy of Disaster Management in tribal belt of Mokhada approved by the Company during FY 2020-21 was continued during 2021-22. CKS Foundation (CKSF), which is dedicated to the education & empowerment of under-served and marginalized communities in Uttarakhand; project has been supported towards the education and library centres of CKS Foundation in

Uttarakhand during FY 2021-22. A project for "Voice of World" engaged in providing philanthropic service to underprivileged differently-abled persons, orphans and destitute has been approved. Support has also been extended to Snehalaya, Ahmednagar, Maharashtra for recurring expenses of Snehalaya's Caring Friends Hospital and Research Centre. The Company also extended its support to "Blind Organization of India" for providing 12 computer sets and jaws software with braille embosser for vocational training of educated blind persons with a focus on "Employment for Poor Blind Persons", Folding canes to 738 economically poor blind members under "Walk Safely" programme and 25 eye cataract surgeries of 19 economically poor and needy persons to "SAVE THEM FROM BLINDNESS". The Company supported National Institute of Mental Health and Neuro Sciences (NIMHANS) -Bengaluru, towards treatment for patients admitted from economically poor background and extreme poverty. The Company continued its support for second year to SOS Children's Villages of India which is for one home at SOS Children's villages Guwahati locations, a program to provide long term, high quality, family-based care to children without parents. The Company also extended its support to Parichay Foundation, Delhi – an initiative to empower women weaver Self Help Groups (SHGs) under United Nations SDG Goal 8 – Project title - Parineeti, location Maniabandha village, Athagarh, Odisha. Christian Medical College, Vellore – Tamil Nadu has requested to extend support to 30 economically disadvantaged cancer patients for the Hospital Free Bed Scheme at CMC Vellore. The Company has approved the proposal and extended support to CMC Vellore. The Company also supported Education support programme – Amcha Ghar, Uttan, Bhayander, Dist. Thane. The Company supported CSR Proposal of Cancer Patients Aid Association (CPAA) Mumbai which aims at providing treatment to economically poor cancer patients.

Further, a contribution of ₹84.50 lakh was made to the Armed Forces Flag Day Fund (AFFDF) towards Welfare of Ex-Servicemen of the Indian Defence Services through the Kendriya Sainik Board. A contribution of ₹71.50 lakh was made to the 'Clean Ganga Fund' under the Namami Gange Project.

- 1. Brief outline of the CSR Policy of the Company:
  - To ensure an increased commitment at all levels, in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
  - ii. To directly/indirectly take up programs that benefit the communities in and around its various offices that enhance quality of life and well-being of the locals.
  - iii. To implement activities that empower weaker, less privileged and marginalized sections of the society.
  - iv. To generate, through its CSR initiatives, goodwill and pride for the Company among stakeholders and help reinforce a positive and socially responsible image of the Company as a corporate entity.

# 2. Composition of CSR Committee:

S. No.	Name of the Director	Designation	Date of appointment as a Member (DD/MM/YYYY)	No. of Meetings attended/ Total no. of Meetings held during his/her tenure
1.	Shri M. Senthilnathan	Chairman-cum- Managing Director, ECGC Limited	29/04/2020	5/5
2.	Shri Vipul Bansal	Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, Government of India	16/11/2021	1/3
3.	Shri Shirish Chandra Murmu	Executive Director, Reserve Bank of India	10/01/2020	2/5

4.	Ms. Harsha Bangari	Managing Director,  Export-Import Bank of India	23/09/2021	2/3
5.	Shri Devesh Srivastava	Chairman-cum- Managing Director, General Insurance Corporation of India	21/01/2020	5/5
6.	Dr. A. Sakthivel	President, Federation of Indian Export Organizations	09/08/2021	4/4
7.	Shri Sunil Joshi	Executive Director (Policy Matters), ECGC Limited	09/07/2020	5/5
8.	Shri Amitabh Kumar	Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, Government of India	20/11/2020 (Ceased to be a member w.e.f. 16/11/2021)	1/2
9.	Shri Sharad Kumar Saraf	President, Federation of Indian Export Organisations	22/07/2019 (Ceased to be a member w.e.f. 28/06/2021)	0/0
10.	Shri David Paul Rasquinha	Managing Director, Export- Import Bank of India	07/08/2019 (Ceased to be a Member w.e.f. 31/05/2021)	0/0

- The web-link where Composition of CSR committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: <a href="https://www.ecgc.in">www.ecgc.in</a>
- 4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
- 5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

S. No.	Financial	Amount available	Amount required
	year	for set-off from	to be set-off for the
		preceding financial	financial year, if
		year (in ₹)	any (in ₹)
		NIL	NIL

- 6. Average net profit of the Company: ₹434.11 crore
- 7. (a) Two percent of average net profit of the Company:₹8.68 crore, Budget allotted for CSR ₹8.70 crore
  - (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
  - (c) Amount required to be set-off for the financial year: if any:

    Nil
  - (d) Total CSR Obligation for the financial year (7a+7b+7c): ₹8.70 crore.

# 8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the		Amount unspent (in ₹)								
Financial Year (in ₹)	Total Am transferre Unspent Account	ed to	Amount Transferred to any fund specified under Schedule VII							
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer					
822.51 lakh	38.56	29-04-	Swachh	8.93	11-05-2022					
	lakh	2022	Bharat	lakh						
			Kosh							

- (b) Details of CSR amount spent against ongoing projects for the financial year: Refer Appendix.
- (c) Details of CSR amount spent against other than ongoing projects for the financial year: **Refer Appendix.**
- (d) Amount spent on Administrative overheads ₹1.38 lakh
- (e) Amount spent on Impact Assessment, if applicable: NIL
- (f) Total amount allocated and disbursed for the Financial Year ₹870 lakh
- (g) Total amount spent for the Financial Year ₹822.51 lakh
- (h) Excess amount for set-off, if any

S. No.	Particular	Amount in ₹				
(i)	Two percent of average net	₹8.68 crore (budget				
	profit of the Company	allotted for CSR				
		₹8.70 crore)				
(ii)	Total amount spent for the	₹8.22 crore				
	financial year					
(iii)	Excess amount spent for the	NIL				
	financial year					
(iv)	Surplus arising out of the CSR	NIL				
	projects or programmes or					
	activities of the previous					
	financial years, if any					

(v)	Amount avai	lable for se	NIL	
	succeeding	financial		
	((iii)-(iv))			

- 9. (a) Details of Unspent CSR amount for the preceding three financial years:
  - ₹38,56,000/- pertains to ongoing projects (Transferred to UCSR A/c) and
  - ₹8,93,195/- pertains to balance amount due to lower expenses under budget allocated for administrative expenses and Swachata Action Plan Activities. (Transferred to Swachh Bharat Kosh)
  - (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year (s):

S. No	Project ID	Name of the Project	Financial Year in which the project was commen ced	Project Duration	Total Amount Allocated for the project	Amount spent on the project in the reporting Financial year	Cumulativ e amount spent at the end of the reporting Financial year	Balance commitment	Status of the Project (completed/ On-going)
1	Health & Education	Aspirational District - Rajgarh	2020-21	One year	30000000	15270000	30000000	0	Ongoing
2	Health	Commitment of previous year approved by Board on 15.05.2020	2020-21	One year	4703000	0	3438000	1265000	Ongoing
3	Health	Sri Chaitanya Seva Trust-Bhaktivedanta Hospital, Palghar, Maharashtra	2020-21	One year	960000	480000	960000	0	Completed
4	Health	Vivekanand Kendra -NE : Medical Activities	2020-21	One year	2090000	0	836000	1254000	Ongoing
5	Health	Vivekanand Kendra: Odisha : Mobile Medicare Unit	2020-21	One year	1613109	0	645600	967509	Ongoing
6	Health	Concern India Foundation: Awareness and Screening for early detection and prevention of Breast and Cervical	2020-21	One year	1969128	910634	1969128	0	Completed

		TOTAL			54164301	21416991	48483292	5681009	
12	Education	Shanti Seva Nidhi thru Technocraft Industries Pvt. Ltd.	2020-21	One year	3472000	0	1277500	2194500	Ongoing
11	Health	Rojavanam Trust, Madurai	2020-21	One year	1760000	704000	1760000	0	Completed
10	Nutrition	Anirudda Academy of Disaster Management, Khar, Mumbai - Mokhada Rehabilitation	2020-21	One year	2659000	1733800	2659000	0	Completed
9	Health	Concern India Foundation: Maternal and Child Health and Nutrition, Mahul, Mumbai	2020-21	One year	2059180	959580	2059180	0	Completed
		Foundation: Malnutrition Prevention and Control Program - Annabhau Sathe Nagar, Mumbai		year					
7	Health Health	Concern India Foundation: Malnutrition Prevention and Control Program, Worli, Mumbai Concern India	2020-21	One year	1837644	837507 521470	1837644	0	Completed
		Cancer, Worli, Mumbai							

- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not applicable**
- 11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135 (5): **Refer 9 (a)**

(Nirdosh Chopra)
Chief Financial Officer

(M. Senthilnathan)
CMD & Chairman of the
CSR Committee

**CSR RESPONSIBILITY STATEMENT** 

The Company has adopted the CSR Policy as per the guidelines issued

by the Department of Public Enterprises and has a Board-approved CSR

Policy. The Company's CSR activities relate to health, nutrition, primary

education, skill development, ensuring livelihood, environment,

sustainable development, women empowerment, strengthening services

for the differently-abled and support to Scheduled Tribe community. The

implementation and monitoring of the CSR activities is in compliance with

the CSR objectives and Policy of the Company.

(M. Senthilnathan)

**CEO & Chairman of the CSR Committee** 

**DIN 07376766** 

Place: Mumbai

Date: May 25, 2022

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# Appendix to Annexure III

# Details of CSR amount spent against ongoing projects for the financial year:

S. No	Name of the Project or Activity	Item from the list of Activitie s in Schedul e VII	Local Area (YES/ NO)	Location of the Project- State	District	Proj ect Dur atio n (In Mon ths)	Amount allocated for the project	Amount spent in the FY(In Rs.)	Amount transferred to Unspent CSR Account for the project as per section 135(6)	Mode of Imple menta tion- Direct (YES/ NO)	Mode of Implemen tation Through Implemen ting Agency – CSR Regn No.	Name
1	Vivekanand Kendra – North East - Purchase of X ray machine & emergency generator	Health	NO	Project: Assam	Guwahati	12	1600000	0	1,600,000	NO	CSR0000 5526	Vivekanand Kendra
2	CKS Foundation, Uttarakhand – approved by Board (education)*	Educati on	NO	Project: Uttarakhand	Dehradu n	12	3610000	2707500	902,500	NO	CSR0000 9044	CKS Foundation
3	Snehalaya, Ahmedanaga r	Health	NO	Project: Maharashtra	Ahmedn agar	12	1683000	841500	841,500	NO	CSR0000 1248	Snehalaya
4	SOS Children's village of India – village at Guwahati Iocation	Educati on	NO	Project: Assam	Guwaha ti	12	1512000	1000000	512,000	NO	CSR0000 0692	SOS Children's village
5	Aspirational District – Rajgarh, Madhya Pradesh - providing various facilities to school, aanganwadi, hospitals	Health, Educatio n, Nutritio n, Women Empowe rment	NO	Project: Madhya Pradesh	Rajgarh	12	3000000	30000000	-	NO	NA	District Collector' office
6	Developmen t Education Empowerme nt of the Disadvantag ed in Society (DEEDS), Mumbai	Health	YES	Project: Maharashtra	Mumbai	12	1050000	1050000	-	NO	CSR0000 0703	DEEDS
7	Voice of World, Kolkata	Nutritio n	NO	Project: West Bengal	Kolkata	12	1000000	1000000	-	NO	CSR0000 3390	Voice of World
8	Blind Organisation of India, Mumbai	Educatio n & Health	YES	Project: Maharashtra	Mumbai	12	2335343	2335343	-	NO	CSR0000 3325	Blind Organisation of India

9		Health	NO	Project: Karnataka	Bangalor e	36	10000000	10000000	-	NO	CSR0000 6218	NIMHANS
	NIMHANS, Bangalore											
10	Vivekanand Kendra – North East - Anandalaya (education) by Board	Educatio n	NO	Project: Odisha Assam and Arunachal Pradesh	Sambalp ur, Tinsukia , Varanasi	12	4700000	4700000	-		CSR0000 5526	Vivekanand Kendra
11	South Sundaram Jankalyan Sangh (SSJS) – Installation of hand pump for safe drinking water at Sundarban, West Bengal	Safe drinking water	NO	Project: West Bengal	24 Parganas	12	1600000	1600000	,		CSR0000 1189	South Sundaram Jankalyan Sangh
12	Sri Chaitnaya Seva Trust – Bhaktivedant a Hospital & Research Institute, Mira Road, Thane, Maharashtra	Health	YES	Project: Maharashtra	Thane	12	960000	960000			CSR0000 1017	Sri Chaitnaya Seva Trust
13	Parichay Foundation, Delhi – Parineeti Project – Maniahband ha Village, Athagarh, Odisha	Women Empowe rment	NO	Project: Odisha	Cuttack	12	1200000	1200000	-		CSR0000 2652	Parichay Foundation
14	Education support programme- Amcha Ghar, Uttan, Dist. Thane, Maharashtra	Educatio n	YES	Project: Maharashtra	Thane	12	2300000	2300000	-		CSR0000 0102	Amcha Ghar
15	CMC Vellore Association - Patient Care	Health	NO	Project: Tamil Nadu	Vellore	12	4500000	4500000	-		CSR0000 1924	Christian Medical College
16	Cancer Patient Aid Association Mumbai	Health	YES	Project: Maharashtra	Mumbai	12	450000	450000	-		CSR0000 0926	Cancer Patient Aid Association
			TOTAL				68500343	64644343	3,856,000			

Details of CSR amount spent against other than ongoing projects for the financial year:

S.No	Item from the list of Activities in Schedule VII	Name of the Project or Activity	Local Area (YES/NO)	Location of the Project- State	District	Amount spent in the FY (In Rs.)	Mode of Implementation- Direct (YES/NO)	Mode of Implementation Through Implementing Agency – CSR Regn No.	Name
1	Environmental sustainability, Ecological balance	Mumbai University, Kalina- Smart Vermi compost System project	YES	Project : Maharashtra	Mumbai	1500000	NO	CSR00014555	AAKAR
2	Army welfare	Armed Forces Flag Day Fund (AFFDF)	NO	New Delhi	New Delhi	8450000	NO	CSR00005526	Kendriya Sainik Board
3	Conservation of Natural Resources	Clean Ganga Fund (CGF)	NO	New Delhi	New Delhi	7150000	NO	NA	Namami Gange Project
8	Swachha Action Plan	Swachhta Action Plan	NO	Non-Project: All India	All India	368799	NO	NA	Through Branch Offices of ECGC
						17468799			

(M. Senthilnathan)
CEO & Chairman of the CSR Committee
DIN 07376766

Place: Mumbai

Date: May 25, 2022

# **Annexure IV**

#### **MANAGEMENT DISCUSSION & ANALYSIS**

#### **GLOBAL ECONOMY AND TRADE**

The COVID-19 pandemic had pushed the economies worldwide into a recessionary phase in 2020. Sustained vaccination programs and the continued efforts of workers in the healthcare sector helped withstand the impact of successive COVID-19 waves thereafter. The governments, in response to the slowdown, eased fiscal and monetary policies which helped a majority of business units survive this unprecedented shock.

After suffering a contraction in 2020, the world economy rebounded with a growth rate of 6.1 per cent. This growth was uniform across all economies with Emerging Market and Developed Economies recording a growth of 6.8 per cent and Advanced Economies coming in at 5.2 per cent on the back of the easing policy measures. Intermittent waves of COVID-19 infection were ridden out by the economies efficiently without curtailing their business activities.

World trade in goods and services also showed promise with numbers of 27.6 trillion dollars and registering a growth of 10.1 per cent over the previous year. Merchandise exports totalled 21.7 trillion dollars and there was uniform growth across all economies.

However, the pent-up demand for all goods and services and the flow of easy money into the economy soon led to an increase in commodity prices and inflation. The disruptions in the global value and supply chain contributed to the increase as well and resulted in a sticky situation where the docile growth was not able to keep up with the stubborn inflation. The world economies have, by the end of 2021, realized that it could soon be a major issue at hand and initiated measures to rein in inflation.

With the subsequent waves of infection losing their potency, the economic policies demanded maximum attention from the governments across the world. However, geopolitical disturbances emanating in February 2022 have ensured that the situation may not be remedied anytime soon. Inflation and stagnating growth are here to stay and the breakdown of globalisation due to fractured relations between countries may not bode well for the future. It will require a collective effort on the part of all economies to ensure that the good work done over the last half a century is not wiped out and the overall harmony is maintained. Focused efforts towards boosting world trade will go a long way in doing that.

#### **OUTLOOK**

As per the International Monetary Fund (IMF), the global economy is projected to expand by around 3.6 per cent in 2022 & 2023. These projections have been dialed down due to the macroeconomic factors showing a certain degree of stickiness which will have a long-lasting effect on economic growth. The world is looking at another two-year period of slowdown which may further be exacerbated by subsequent waves of COVID-19 infection due to unknown and emerging variants.

Advanced Economies and Emerging Market and Developing Economies are envisaged to grow at 3.3 per cent and 3.8 per cent respectively in 2021 with growth moderating to 2.4 per cent and 4.4 per cent respectively in 2022. India is expected to record one of the highest growth rates among all Emerging Economies at 8.2 per cent in 2022 and will spearhead the growth in Asia. The Middle East and Central Asia are expected to grow at 4.6 per cent in 2022 buoyed by the prevailing commodity prices. Elsewhere, Latin America and the Caribbean are predicted to grow at 2.5 per cent in 2022 while the emerging and developing economies in Europe are expected to contract by 2.9 per cent.

The volume of world merchandise trade is expected to increase by five per cent in 2022, reflecting the slowdown across the world economies. Imports in Advanced Economies are expected to grow to the tune of 5.6

per cent and they will emerge as a target market for the emerging and developing markets whose exports are expected to grow by 3.8 per cent. Fuel exporting economies and their associated industries stand to benefit the most since their exports are expected to grow by 8.8 per cent and imports by 10 per cent in 2022.

With an expected inflation rate of 5.7 per cent in Advanced Economies and 8.7 per cent in Emerging and Developing Economies in 2022, the road ahead is tough and full of speed breakers. Monetary policy tightening has already started in a few Advanced Economies and more Advanced and Emerging & Developing Economies are expected to follow suit in the coming period. The post-COVID-19 growth in 2021 had been impressive in many countries and this year will be a test for all of them. Countries that have worked on organic and sustainable growth during the last two years would be ideally placed to withstand this pressure and usher the global economy into a brave new world.

#### **INDIAN EXPORTS**

During the financial year 2021-22, India's overall exports (Merchandise and Services) is estimated at US\$ 669.65 billion (₹49,89,696 crore), exhibiting a positive growth of around 34.50 per cent over the same period last year. Overall imports during this period are estimated at US\$ 756.68 billion (₹56,38,174.02 crore), reflecting a positive growth of 47.80 per cent over the same period last year.

India's merchandise exports for the financial year 2021-22 stood at US\$ 419.65 billion (₹31,29,096.2 crore) as against US\$ 291.81 billion (₹21,59,043.22 crore) over the same period last year, registering a positive growth of 43.8 per cent in dollar terms and 44.9 per cent in rupee terms.

The total value of merchandise imports for the period April-March 2021-22 was US\$ 611.89 billion (₹45,63,803.96 crore), as against US\$ 394.44 billion (₹29,15,957.7 crore) during the same period previous year registering a positive growth of 55.13 per cent and 56.51 per cent in the dollar and rupee terms respectively.

Taking merchandise and services together, the overall trade deficit for the period April - March 2021-22 was US\$ 87.03 billion (₹6,48,477.9 crore) as compared to the deficit of US\$ 14.06 billion (₹1,04,326.6 crore) in the same period last year.

#### **OVERVIEW OF COMPANY'S OPERATIONS**

#### SHORT-TERM EXPORT CREDIT INSURANCE POLICIES

The number of distinct exporters availing the Company's cover for export receivables (Short-Terms Export Credit Insurance Policies – ST-Policy) was 6711 as of 31st March, 2022 as against 7372 as of 31st March, 2021. During the Financial Year (FY) 2021-22, the total number of Short-Term (ST) Export Credit Insurance Policies issued and renewed was 10940 compared to 12391 issued during the previous FY 2020-21. The number of ST-Policies in force as of 31st March, 2022 was 10292 with a total Maximum Liability (ML) of ₹47,465.60 crore as against 11280 policies in force with a total ML of ₹46,073.08 crore as of 31st March, 2021, showing a decline of 8.76% in the number of policies in force and growth of 3.02% in the total ML in force. The total number of fresh policies issued during the year was 3390 out of which 960 were Whole Turnover (WT) policies.

The share of distinct exporters belonging to the 'Small Exporter' (i.e. exporter with policy covers with ML less than or equal to ₹40 crore) category, holding the Company's policy products in the total number of distinct exporter clients is 97.06% as of 31st March, 2022 as against 97.95% as of 31st March 2021.

Declaration-based policies viz. Shipment Comprehensive Risk (SCR) Policies, Export Turnover Policies (ETP), Services Policies, Small Exporters Policies (SEP), Buyer Wise Policies, Consignment Policies etc. continued to maintain a larger share at 52.37% of the policies in force as at the end of FY 2021-22. The total number of declaration-based policies in force as of 31st March, 2022 was 5390 with an aggregate ML of ₹29400 crore as against 5911 with an aggregate ML of ₹29100 crore as of 31st March, 2021 while the declaration-based policies in force declined by

8.81% in number, the aggregate ML increased by 1.03%. The number of shipments declared was 391720 with an average credit period of 60 days. Exposure-based policies like Multi Buyer Exposure Policy, Single Buyer Exposure Policy, IT-Enabled Services Policy (Multi-Customer), IT-Enabled Services Policy (Specific Customer) etc. had a share of 47.63% of the policies in force as at the end of FY 2021-22. The total number of exposure-based shipment policies in force as of 31st March, 2022 viz. MBEP, SBEP, MITES, SITES etc. was 4902 with an aggregate ML of ₹18066 crore as against 5369 with an aggregate ML of ₹16973 crore as of 31st March, 2021, reflecting decline of 8.70% in number and growth of 6.43% in aggregate ML.

Total business covered under the ST-Policies during the FY 2021-22 was ₹2,69,272.90 crore, as against ₹2,41,934.18 crore during the previous year, thereby registering a growth of 11.30%. The premium income under ST-Policies was ₹485.63 crore during the FY 2021-22 as against ₹427.45 crore in the previous FY, registering a growth of 13.61%. The total number of claims paid under ST-Policies during FY 2021-22 was 537 amounting to ₹237.91 crore as against 573 claims amounting to ₹284.87 crore during the previous FY 2020-21.

Recovery under ST-Policy was ₹16.54 crore during the FY 2021-22 as against ₹9.78 crore during the previous year, reflecting growth of 69.12%.

#### **CUSTOMER-SPECIFIC COVERS**

The Company had, with the approval of Insurance Regulatory and Development Authority of India (IRDAI), introduced Customer Specific Covers (CSC) which are tailor-made to suit specific requirements of the policy holders where none of the existing standard products are found suitable. The CSC Policies are structured by combining certain features of two or more standard products approved by the IRDAI, while having the predominant features of one product which is considered as the base policy.

During the FY 2021-22, 367 customized policies were issued/renewed with a total Maximum Liability/ Aggregate Loss Limit (ML/ALL) of ₹10,072.60 crore as against 426 customized policies issued with total Maximum Liability/ Aggregate Loss Limit (ML/ALL) of ₹10,694.50 crore during the previous year. As of March 31st, 2022, 183 CSC policies were in force with a total ML/ALL of ₹6440.50 crore as against 176 CSC policies in force with ML/ALL of ₹6,090.83 crore as of 31st March, 2021. Annual premium income under CSC policies was ₹124.30 crore during the FY 2021-22 as against ₹ 116.21 crore during the previous year. During the FY 2021-22, claims paid under customized policies increased to ₹48.11 crore from ₹28.84 crore during the previous year.

# SHORT-TERM EXPORT CREDIT INSURANCE FOR BANKS (ECIB) COVERS

Covid-19 pandemic continued to have its adverse impact on Short Term Export Credit Insurance for Banks (ST ECIB) business during the year. However, the Company could make up for the lost business and overall achievement in terms of premium income was almost equal to the previous year. The premium earned under ST ECIB for the FY 2021-22 was ₹600.84 crore (previous year ₹603.77 crore), registering a decline of 0.49% over the previous year. ST ECIB premium accounted for 54.29% of the aggregate premium of the Company for the FY 2021-22. The number and value of claims paid stood at 143 and ₹443.42 crore respectively for the FY 2021-22. The average number of days taken for claim payment was 73.99 days in FY 2021-22. The recovery made during the year was ₹93.44 crore. The total outstanding covered by the Company under the various ECIB covers issued, taken as the Average Daily Products (ADP) for the Whole Turnover (WT) covers and the Highest Amount Outstanding (HAO) under individual covers, reported by banks to ECGC aggregated to ₹86,419 crore (Previous year ₹88,550 crore). The number of accounts covered under the schemes during the year as of 31st March, 2022 stood at 13568 compared to 15,520 as of 31st March, 2021. A total of 9051 (Previous Year- 9,535) distinct exporters of which more than 96.66% are Small Exporters (i.e. Exporter accounts with sanctioned

credit limit less than or equal to ₹80 crore) have been supported through the covers. It is estimated that export credit advances worth ₹3,45,676 crore has been supported during this year compared to ₹3,54,200 crore in the previous year. The estimates are based on data sourced from RBI and considering the fact that the business cycle under short term exports is around 90 days. Accordingly, the outstanding export credit covered by the Company is multiplied by a factor of four to arrive at the Risk Value. The premium rates under Whole Turnover (WT) ECIB covers are fixed based on the three year claim premium ratio and percentages of cover are determined on the six year claim premium ratio. Appropriate risk mitigation measures were continued in respect of the Gems, Jewellery and Diamond sector in view of the high claim premium ratio with an objective of protecting the interest of ECGC as well as that of banks.

#### MEDIUM-AND LONG-TERM BUSINESS REVIEW

The premium income from the Medium and Long-Term (MLT) business, for the FY 2021-22 stood at ₹20.32 crore as against ₹28.51 crore in the previous year. One claim of ₹5.87 crore was paid to Punjab National Bank during the FY 2021-22. The top five countries in which the Company has underwritten major business during the FY 2021-22 were Ethiopia, Mongolia, Burkina Faso, Niger and Mali.

During the FY 2021-22, 19 credit insurance policies were issued to MLT project exporters as against 39 in the previous financial year, covering political and comprehensive risks on various projects undertaken by them. The major sectors covered were infrastructure projects, Power Transmission & Distribution, Hydro Power Equipment and Supply of Capital Goods etc. The number of covers issued under Export Credit Insurance to Banks (ECIB) during the FY 2021-22 was 39 as against 58 in the previous year. No covers were issued under the Overseas Investment Insurance scheme and the Buyer's Credit scheme during the FY 2021-22.

## NATIONAL EXPORT INSURANCE ACCOUNT (NEIA) TRUST

The NEIA Trust has been established by the Government of India (GOI) with the objective of ensuring availability of credit risk cover for Medium and Long-Term exports (MLT) / project exports which are desirable from the point of view of national interest. The Trust has an underwriting corpus of ₹4,155.08 crore as of March 31, 2022. The underwriting capacity of the Trust is ₹80,000 crore of which 25% amounting to ₹20,000 crore has been earmarked for supporting MLT covers issued by the Company on risk sharing basis. Risk to the extent of ₹14,063 crore, in respect of 329 covers supporting 213 projects with a total value of value ₹43,444 crore in 52 countries, has been shared with NEIA Trust. The balance 75% of ₹80,000 crore amounting to ₹60,000 crore is earmarked for the Buyer's Credit scheme of the NEIA Trust (BC-NEIA). As of March 31,2022, the Trust has issued 27 Buyer's Credit covers with an aggregate Maximum Liability of ₹24,721 crore for 27 projects with a total value of ₹17,756 crore in Sri Lanka, Zambia, Zimbabwe, Mozambique, Tanzania, Senegal, Iran, Maldives, Cote D' Ivoire, Ghana, Cameroon, Suriname, Uganda and Mauritania. The GOI is the sole settlor of the Trust and ECGC is the managing agency.

The trust is managed by the Company. The Company receives 5% of guarantee fee income earned by the Trust as the management fee. During the year the Company received ₹3.27 crore as its management fee from the Trust.

#### **FACTORING**

## Full Fledged Factoring Scheme (FFFS)

The Board of Directors had at its meeting held on 13<sup>th</sup> May 2014 approved the Full-Fledged Factoring Scheme (FFFS) primarily for MSME exporters. During the year 2021-22 the Company has approved six proposals benefitting four exporters. During the Financial Year (FY) 2021-22, 24 bills have been factored amounting to ₹6.61 crore as against 21 bills amounting to ₹5.02 crore during the previous year showing a growth of 32% in the business value.

### **Cover to Factors**

Factoring companies face risk of non-payment in respect of export receivables factored by them without recourse due to the reason that import factor is sometimes not available or is expensive.

With the due approvals of the Board of Directors and IRDAI, the Company has introduced Export Receivables (Factor's Risks) Insurance Agreement Cover to be issued to Factors / Financial Institutions / Banks for the export bills factored by them pertaining to their MSME exporter-clients.

The product, Export Receivables (Factor's Risk) Insurance Agreement is meant to protect Factors / Financial Institutions / Banks wherein the finance extended by them to the exporters by way of 'Factoring' the bill, remains unrealized owing to buyer's risks and political risks. The Company is yet to commence business under the product.

#### **INVESTMENTS**

As of March 31, 2022, the investment portfolio comprising of investments in Government Securities, Corporate Bonds, Equity Shares, Fixed Deposits etc. stood at ₹14,804.59 crore as against ₹13,332.03 crore as of March 31, 2021, showing an increase of ₹1,472.56 crore, i.e. a growth of 11.05%. The growth in the investment portfolio was on account of infusion of additional capital and surplus generated from the investments.

The Company has complied with all the regulatory requirements in respect of investments. Investment under mandatory category stood at 70.20% as against minimum of 45% prescribed by the IRDAI. As of March 31, 2022, the Company has exposure of only 1.81% in instruments classified as "Other than Approved Investments", as against regulatory limit of maximum 15% prescribed by the IRDAI. Further, out of the Company's total debt portfolio, 93.95% of investments are in Government Securities and debentures rated AAA, as against regulatory limit of minimum 65% prescribed by the IRDAI.

Income generated from investment operations (including profit on sale of investments) increased to ₹1,090.80 crore in FY 2021-22 from ₹1,012.45 crore in FY 2020-21, recording an increase of 7.74%. Increase in the investment income during the year was mainly due to increase in the Asset Under management (AUM) of the Investment portfolio, as mentioned above. The yield on investment for the year FY 2021-22 was 8.12% as against 8.52% for the previous year. The Company's investment operations are conducted mainly to ensure adequate liquidity to meet claim payments and to strike a trade-off between risk and return.

#### **BUYER UNDERWRITING**

The role of the Buyer Underwriting Department (BUD) at Head Office is to ensure sound underwriting decisions on buyers by fixing overall credit limits on the basis of various parameters and taking into account the business requirements. The department obtains and analyses the latest credit information reports on buyers from various Credit Information Agencies. Based on the reports and review of the transactional behavior of buyers on the basis of system-generated data and the scorecard rating, overall credit limits are decided on overseas buyers with the score card based suggested limits serving as a guiding post.

Reports received on buyers from different credit information agencies, as mentioned above, are digitalized to make it accessible in the system to the officials for the underwriting purpose.

During the pandemic situation in the post lockdown phase, efforts were made to grant adequate credit limit approvals in timely manner to the exporters. In this regard a few changes were made in the Application Software, which facilitated quicker and timely preparation of scorecards of the buyers and also additional man-power was deployed to Buyer Underwriting activities for quicker credit limit decisions. Further, as a relief measure during the pandemic situation in the FY 2020-21, exporters were not charged the status enquiry fee for credit limit applications and applications were accepted in electronic mode without insisting on physical submission of credit limit applications and related documents.

These guidelines were continued even during the FY 2021-22 which too was marred by the periodic recurrence of COVID-19 waves.

The number of credit limit applications received in FY 2021-22 was 27,582 as against 31,286 in the previous year. During the FY 2021-22, the aggregate Overall Limits fixed on foreign buyers was ₹52,769 crore compared to ₹53,706 crore in the previous year. The number of new buyers added to the Company's database during FY 2021-22 was 17,616 registering a growth of more than 40 per cent compared to previous years achievement of 12,259 buyers.

The strong growth in number of new buyers added supported thirteen percent growth in short terms policy business premium.

#### **COUNTRY UNDERWRITING**

Country Underwriting deals with the identification, evaluation and measurement of political and economic risks. It is an important tool for monitoring the business exposure levels in the destination countries. The assessment and evaluation of the countries' risks are carried out by the Country Underwriting Department.

The Company has an in-house objective scoring system that reviews and maps the risk profile of countries on a seven-fold classification of 'A1' (Insignificant risk), 'A2' (Low Risk), 'B1' (Moderately Low Risk), 'B2' (Moderate Risk), 'C1 '(Moderately High Risk), 'C2' (High Risk) and 'D' (Very High Risk). The scoring system evaluates countries based on a host of parameters, including political, economic and trade risks. The county rating so arrived has an impact on the premium rate, determination of type and terms of cover, and measurement of the capacity to underwrite transactions on export destinations. Separate scoring models, with distinct factors and their relative relevance, are in place for the rating of countries under Short-Term (ST) and Medium-&-Long Term (MLT).

A review of the risk classification of countries is carried out on a yearly, half-yearly and, if necessary, on ad-hoc basis taking into account the latest economic and political developments.

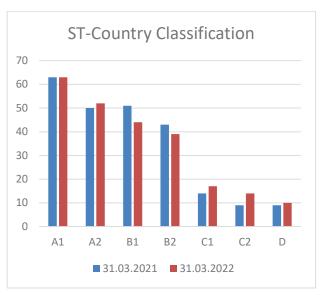
# **Country Risk Classification**

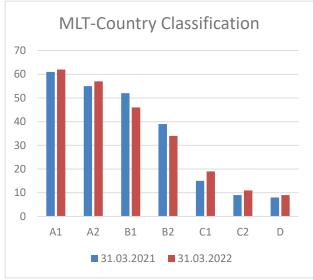
During the FY 2021-22:

- a) The total number of countries reviewed by the Company stood at 239.
- b) The summary of country risk classification as of 31.03.2022 is as follows:

	<b>A</b> 1	A2	B1	B2	C1	C2	D	Total
ST	63	52	44	39	17	14	10	239
MLT*	62	57	46	34	19	11	9	238

<sup>\*</sup>Pakistan is off-cover under MLT w.e.f. 09.08.2019





## **Country Cover**

Further, the 239 countries are placed under the Open Cover Category, Restricted Cover Category-I (where revolving limits are approved normally valid for a year) and Restricted Cover Category-II (where Specific Approval is given on a case-to-case basis) for effective monitoring of exposures in these countries. As of 31.03.2022, 206 countries are placed in Open Cover, 23 in Restricted Cover Category-I and 10 in Restricted Cover Category-II.

# **Country Exposure Limit**

The Country Exposure Limit (CEL) sets the aggregate liability that the Company accepts on a country for the exports made at any point in time under both commercial and political risks. The Company reviewed its

criteria for determining the CEL under ST Policy business in November 2020. The modification in the CEL determines the risk appetite of the Company and factors in changes in the country risk classification for all 239 countries. The CEL is reviewed annually as well as on a need basis i.e. when there is a change in the risk rating of a country based on sudden eco-political changes.

## **REINSURANCE**

For the FY 2021-22 the Company had a Proportional (Quota Share – QS) Reinsurance treaty to the extent of 19.24% for Short-Term Policy (SCOR 6%, GIC Re 6%, Hannover Re 4% and CCR Re 3.24%) and 8.85% for Short Term ECIB (SCOR 3%, GIC Re 1.5%, Hannover Re 3% and CCR Re 1.35%) from Indian Reinsurers, Foreign Reinsurer Branches (FRB) and Cross-Border Reinsurers (CBR) along with the obligatory 5% reinsurance (QS) cover from GIC Re for the entire business including MLT covers. Additionally, Excess of Loss covers for large risks under Short-Term (both Policy and ECIB covers) were also arranged with the same reinsurers.

# **RISK MANAGEMENT**

The scope of Risk Management includes identification, measurement, monitoring, control and transfer of the overall level of risks undertaken by the Company. The risk management activities help the Company decide its underwriting policy and the terms of its cover, risk assessment, regulatory requirements, financial viability and long-term sustainability. The existing organization structure and practices that have evolved over more than six decades incorporate fundamental structures that can be built upon in the risk function. The Company introduced prudential risk management norms in 2011 and fixed exposure limits for a single exporter, an exporter group, a buyer, an industry and a country. Managing the concentration risk of a portfolio is a continuous process.

During FY 2014-15, the exposure norms were modified by introducing temporary suspension of cover on fresh export credit limits to the Gems, Jewellery and Diamond Sector under WT covers issued to banks and also

by introducing criteria for fixing Country Exposure limits. The underwriting guidelines for covering Gem, Jewellery and Diamond (GJD) accounts under the Whole-Turn-Export Credit Insurance for Banks (WT-ECIB) scheme of the Company have been modified and will be implemented from April 2022.

During FY 2021-22, the Company further modified the prudential norms for Exposure Limits on Buyers/LC opening banks under Short Term Policies and Medium and Long-Term export transactions. It also reviewed the exposure limits under individual exporter/group exporter under Short-Term ECIB schemes and the exposure norms for industry sector. The Company is establishing an enterprise-wide information system to regulate the risk profile through its internal risk management framework. The Risk Management Policy has been reviewed and the scope of Company's risk management is further enhanced.

The Company is focussed on effectively managing the Information & Cyber Security Risks. The Company has implemented robust security controls and established a comprehensive Information Security Management System (ISMS) framework. The Company has also established, a well-defined Business Continuity Management System (BCMS) framework.

#### RECOVERIES

ST ECIB: During the FY 2021-22, a sum of ₹93.44 crore was recovered against claims paid and pending for recovery compared to ₹107.53 crore, for the same period, in the previous FY.

ST Policy: A sum of ₹16.54 crore was recovered from claims paid and pending for recovery under Short - Term Policies during the FY 2021-22 compared to ₹9.77 crore for the same period in the previous FY.

MLT Policy: During the FY 2021-22, there was a "NIL" recovery against claims paid and pending for recovery as against the recovery of ₹16.87 lakh in the previous FY.

# Initiative taken to improve recovery under Policy and ECIB:

# **Policy**

Fresh Debt Collection Agencies (DCAs) are being empanelled and the Policyholders who report defaults are encouraged to place the cases with DCAs at the default stage itself as this can have a positive impact on improving the recoverability.

# **ECIB**

The cases are monitored from HO and in such cases where the banks are not sharing recoveries or information sought is not being provided, the cases are pursued by follow up with the bank senior officials by our senior management.

# **INFORMATION TECHNOLOGY (IT)**

The Company has progressed with its Enterprise Resource Planning (ERP) revamp project to Development and Integration Phase, and the User Acceptance Testing (UAT) of the released services has started. As per the revised plan, the 99 services of the SMILE Project are expected to be released for Integrated Testing by June, 2022.

The mobile application of the Company has been successfully launched with basic features enabling the clients to access Policy Cover details, Country Classification, BSAL-Buyer information, BSAL-International Bank details, Active limits on the Buyer, Pending Credit limit applications, Decided Claims information, Pending Claims status, and Shipment Declaration information etc. The development of advanced features is underway.

# MARKETING AND PUBLICITY

The National Marketing Division (NMD) is responsible for the marketing, advertising, publicity and related activities of the Company.

The Division bears the responsibility of fixing business targets for branches and monitoring the performance vis-à-vis the targets fixed under various parameters. The Division holds reviews of the business performance of the Company with the Regional/Branch/Department heads which is presided over by the CMD.

The Company, besides focussing on its core business of export credit risk insurance works in close co-ordination with export promotion agencies like Export Promotion Councils (EPCs), Federation of Indian Export Organisations (FIEO), Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), etc.

As a part of marketing efforts, besides organizing insurance education/awareness programmes for the benefit of exporters and bankers, skill development programmes, personal visits to clients and potential clients were also undertaken. During the financial year, the Company conducted more than 260 meetings to educate the customers about the major compliance procedures including policy terms and conditions. Personal visits to more than 6000 customers and potential customers were undertaken in the service network. There were more than eighty meetings conducted in association with trade bodies viz. FIEO, CII, ICC, IMC etc.

Digital marketing was actively undertaken through display of the Company's advertisements on websites of prominent newspapers such as Economic Times, Mint, Business Standard etc. The Company also launched its Mobile App for its customers which is currently available on MyGov, Android and Apple App Store.

#### CORPORATE PLAN

The concept of a Corporate Plan was introduced to direct the resourcesfinancial, manpower and managerial-in a planned and systematic manner. The Corporate Plan is a road map of the Company for the next five years and strategies to achieve its goal. The plan also outlines the Company's SWOT analysis and discusses the performance of the organization, comparison with the overseas counterparts, business trends, global and national environment and projections for the next five-year period. The projections broadly encompass the Company's growth in premium income, risk value coverage, claims pay out and recoveries anticipated under its different product groups and the resultant projection of financial results. Annual achievement vis-à-vis the plan helps the Company in reviewing and improving the business strategies. The Company has drawn up its strategies to achieve the plan projections.

#### ALTERNATE MARKETING & DISTRIBUTION CHANNELS

In order to strengthen the marketing and distribution of credit insurance products and to increase penetration of credit insurance in India, the National Marketing Division (NMD) has empanelled more than 170 brokers and one Corporate Agent (Bank) as of March 31, 2022. Continuous efforts are being made to strengthen and expand this channel further. NMD and Regional/Branch Offices conduct workshops for brokers which help in educating them about the features of various Policies, to enable them to effectively market the Company's insurance covers, thereby protecting and promoting India's exports on credit terms.

During the FY 2021-22, the premium earned under the business procured through the alternate marketing and distribution channel was ₹140.86 crore which constituted 29.01% of the Short-Term policy premium income of ₹485.46 crore.

# CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES AND SUSTAINABLE DEVELOPMENT (SD)

The Company has adopted the CSR Policy as per the guidelines issued by the Department of Public Enterprises (DPE). Accordingly, it is required to spend at least 2% of its last three years' average net profit every year for various activities under CSR as per Section 135 of the Companies Act, 2013. The Company's CSR activities relate to health, nutrition, primary education, skill development, ensuring livelihood, environment, sustainable development, women empowerment, strengthening services for the differently abled and support to Scheduled Tribe community. An aggregate amount of ₹10.86 crore was spent on CSR activities of the

Company during FY 2021-22. Further, allocation of ₹0.38 crore has been made in the UCSR account for the projects already initiated and an amount of ₹0.09 crore has been paid to the Swachha Bharat Kosh (SBK) for the FY 2021-22.

The major implementation partners for CSR activities are Office of the District Collector, Rajgarh, Madhya Pradesh (Aspirational District), the TATA Institute of Social Sciences (TISS), Vivekananda Kendra, Snehalaya, SOS Children's Village of India, Voice of world, Development Education Empowerment of Disadvantaged in Society (DEEDS), Concern India Foundation, Shanti Seva Nidhi, Rojavanam Trust, Shri Chaitnya Seva Trust, Aakar-Mumbai University, Anirudda Academy of Disaster Management, SUADHA (Social Upliftment and Development of Human), CKS foundation, NIMHANS, Christian Medical College, Parichay Foundation and Cancer Patients Aid Association. A number of initiatives have been undertaken in the field of education, health care, nutrition, skill development, support to differently abled, contribution to the Armed Forces Flag Day Fund, Clean Ganga Fund and to Swachh Bharat Kosh. The Company continued to support the implementing agency TISS for its project related to distribution of scholarships and running of community study centres in M-Ward area of the Municipal Corporation of Greater Mumbai. Support is also provided to various centres of Vivekananda Kendra in the North East and Odisha for running Anandalaya and providing free primary medical assistance.

#### IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY

ECGC Ltd. is proactive in the implementation of the Official Language Policy of the Government of India. The Company has achieved all the targets laid down in the Annual Rajbhasha Programme for the FY 2021-22 by the Department of Official Language, Ministry of Home Affairs, Government of India. The Company was conferred the 3<sup>rd</sup> prize of the Rajbhasha Kirti Puraskaar, by the Department of Official Language, Ministry of Home Affairs for the FY 2020-21. The Company was also awarded a special prize, by the Mumbai Town Official Language Implementation Committee (TOLIC- PSU) for effective implementation of the official language policy.

During the financial year 2021-22, the third Sub- Committee of the Parliamentary Committee on Official Language had inspected Panipat, Surat and Chennai Branches. The directions given by the above committee have been complied with.

The Company has been celebrating the month of September as the Hindi month. In pursuance of the Hindi month (that was celebrated from 1 September to 30 September, 2021) various competitions were held and officers of all levels have participated in the competitions enthusiastically. On 14<sup>th</sup> September 2021 on the occasion of the Hindi Day, a virtual all India "Kavi Sammelan" was organised wherein officers from all Branch Offices, Regional offices and Departments of the Head Office recited poetry, either their own poetry or poetry written by other authors.

On the occasion of conclusion of the Hindi Month, "Hindi Mah Samapan Samaroh" was organised, during which an all-India level virtual conference was organised in which 113 officers have participated.

Various incentives have been introduced by the Company to encourage and motivate the employees for furtherance of the use of Hindi in their daily office work. There is a provision to provide cash rewards to the officers of the Company for the work done by them in Hindi. The employees were awarded special prizes for best articles published in the Company's inhouse magazine and cash incentives were given to all officers who have contributed with their articles in the magazine.

To encourage employees to use Rajbhasha in their day-to-day official work, employees at Branch Offices, Regional Offices and at Head Office Departments are encouraged to compete every year for the "Chairman and Managing Director's Official Language Award" for the excellent implementation of the official language in their respective offices.

The Company's correspondence in Rajbhasha with its customers has shown a steady growth. With the installation of Unicode software in all the computers of the Company, Branch Offices have started sending emails in Hindi to exporters and bankers. Also, the Website of the Company is available in bilingual.

During the FY 2021-22 various training programs, including a training program for sub-staff, were conducted by the Company, in which training was provided bilingually. In all training programs conducted by the Company, a separate session on the Official Language Policy is also included.

The meetings of the Official Language Implementation Committee are organized regularly in all the branch offices, regional offices and head office of the Company and the current position of implementation of Official Language Policy is discussed in detail in the respective branch offices, regional offices and departments of the head office. Wherever deficiencies are found, measures are taken to rectify them. In order to give due attention to the implementation of the Official Language Policy in the branch offices and regional offices, inspections are done by the officers of the head office (official language officers) of the Company and the meeting of the all-India Official Language Implementation Committee is also organized in every quarter wherein official language review is done by the senior-most officers of the Company. The implementation of Official Language Policy is discussed by officers in the Head Office Departments, Regional Offices and Branch Offices and proper guidance is provided by senior officials.

The Head Office and various branch offices of the Company such as Thane, Ludhiana, Panipat, Jalandhar, Indore, Visakhapatnam, Kochi, Salem, Bengaluru branch office & S R - II have been awarded by the Ministry of Home Affairs and respective TOLICs.

#### INTERNATIONAL RELATIONS

Since 1957, the Company has been an active member of the Berne Union (BU), also known as the International Union of Credit and Investment Insurers, a leading international association for the export credit and investment insurers. The Company was the first Asian member to join the BU and has been closely associated with its activities. The members benefit from continual interaction, exchange of notes, examples of best practices etc., which has been instrumental in enhancing common understanding and developing sound principles in export credit insurance. Collectively, the members provide around USD 2.5 trillion of payment risk protection annually amounting to more than 13% of global cross-border trade.

The Company is a member of the Short-Term (ST), Medium and Long-term (MLT) and Export Credit Agency (ECA) committees of the BU. Additionally, the Company is a member of the Regional Co-operation Group (RCG), a special forum of the BU members from the Asia-Pacific region. Mr. Sunil Joshi, Executive Director is the current Vice-Chair of the ST Committee of the Berne Union.

The BU held its meetings over a virtual platform during the year due to the COVID-19 pandemic. The Company participated in the MLT Committee meeting held in April 2021, Spring Meeting held in May 2021 and Management Committee Meeting held in July 2021.

The 72<sup>nd</sup> RCG meeting was conducted online in September 2021 and the Company was represented by the CMD. The meeting enabled the members to discuss how the outbreak of the COVID-19 pandemic has affected businesses and economies. Further, the measures adopted by the individual members to cope with the increased business risks were discussed.

The Company works in close association with ECAs globally. The virtual meeting of the G-12 Heads of ECAs was held on October 20 & 21, 2021 and the Company was represented by CMD. The meeting provided an opportunity for the Heads of the ECAs to discuss the business trends, post-pandemic cooperation initiatives between G12 ECAs, COVID-19's global impact and new ECA policies introduced to tackle the crisis.

The Company is a member of the BRICS Export Credit Agencies Forum which includes ABGF (Brazil), EXIAR (Russia), ECGC (India), SINOSURE (China) and ECIC SA (South Africa). It is also a member of the International Working Group on export credit which was created in 2012.

On 8<sup>th</sup> June 2021, a cooperation agreement was signed between the Company and UZBEKINVEST Export-Import Insurance Company JSC, the official Export Credit Agency of the Republic of Uzbekistan. The MoU was signed by the CMD, ECGC and Mr. R Khalikov, First Deputy Director General, UZBEKINVEST Export-Import Insurance Company JSC, Republic of Uzbekistan. The subject of this agreement was to establish partnership and cooperation in a wide range of export credit insurance and other related activities and to strengthen joint cooperation by providing export credit insurance support to exporters and financial institutions, which facilitates the export of goods and services to each other's countries.

On 27<sup>th</sup> July 2021, the Company signed a Memorandum of Understanding (MoU) with Empresa Mocambicana de Seguros (EMOSE), Mozambique, a Government of Mozambique owned general insurer. The MoU was signed by the CMD, ECGC and Mr. Joaquim Maqueto Langa, Chairman & CEO, EMOSE, Mozambique. The objective of this MoU is to create a general framework for the relations between the Company and EMOSE and increase cooperation for stimulating trade and investment between India and Mozambique and, where appropriate, the supply of goods and services from their respective countries as part of a project to a third country.

On 30<sup>th</sup> December 2021, the Company signed a Memorandum of Understanding (MoU) with Private Joint Stock Company "Export Credit Agency" (PJSC ECA), Ukraine, the official export credit agency of Ukraine. The MoU was signed by the CMD, ECGC and Mr. Ruslan Hashev, acting Chairman of the Management Board, PJSC ECA, Ukraine. This MoU aims to create a general framework for the relations between both the companies and increase cooperation for stimulating trade and investment between India and Ukraine.

Mr. M Senthilnathan, Chairman-cum-Managing Director (CMD), ECGC, presently represents the Republic of India as a Director on the Board of the African Trade Insurance (ATI) Agency. The Company has invested around USD 12 million in the equity of ATI on behalf of the Government of India. This investment facilitates the strategic interests of the Government of India in promoting trade and cooperation with the nations of the African continent.

With a view to fostering trade and supporting the overall business environment, the Company participated in various meetings and workshops organised by the BU on topics related to the international trade and credit insurance domain. This included webinars on Claims and Recoveries in the USA in April 2021, Capacity Sharing Marketplace Workshop in June 2021, MLT Technical Panel Webinar held in July 2021, SME Specialist Webinar held in September 2021 and ST Committee Webinar held in October 2021.

During the financial year, the Company held bilateral discussions, through a virtual platform, with the officials of Export Development Canada (Mumbai Office) on the issues related to export credit insurance.

### **HUMAN RESOURCES & INDUSTRIAL RELATIONS**

The employee strength of the Company as of March 31, 2022 was 569 which consisted of 544 executive-level and 25 non-executive level employees. This includes 152 women employees constituting almost 27 percent of the total work force.

In light of the changing business environment and to create a leaner service network with improved cost and operational synergy, the Southern Region Offices at Chennai and Bengaluru were merged to create a single regional office which is located at Bengaluru. This merger of the Southern Regional Offices is expected to enhance the overall performance of the Company by presenting a unified approach to stakeholders and clients in the Southern region.

During the year, as per the provisions of the Apprentices Act, 1961, the Company implemented a scheme of Apprenticeship where graduate apprentices will be imparted On-the-job training under the trade of Office Operations Executive (Back Office) to prepare them to meet the requirements of the industry.

Recruitment examination to onboard probationary officers for Financial Year 2021-22 was conducted and 59 Probationary Officers in Group B cadre joined the Company during the year. The Company has once again initiated the process of Recruitment of Probationary Officers in the Financial Year 2022-23. The Company also appointed six candidates in Group C cadre under the scheme of compassionate appointment.

All statutory provisions pertaining to industrial relations and labour laws were complied with during the Financial Year 2021-22. Harmonious and cordial industrial relations were maintained throughout the year in the Company. During the year, the Company continued, where necessary, the existing facilities to take care of the employees' health, economic wellbeing, etc.

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Company's Policy on prevention of sexual harassment of women at the workplace, the Internal Complaints Committees (ICC) have been functioning in all the branches/offices, employing at least 10 employees. One ICC is functioning at the Head Office which includes all the departments at the Head Office and Mumbai- based branches wherever employee strength is fewer than 10. During the Financial Year 2021-22 no cases were filed under this Act.

### **TRAINING:**

The role of training has assumed critical importance in today's competitive environment in strengthening and upgrading the skills of officers for efficient performance in their roles. During the Financial Year 2021-22, employees at all levels were nominated to various in-house and

sponsored training programs. Claim and Underwriting Workshops were separately organized for both Policy and ECIB sectors at All-India level in the online mode for Group A and Group B employees.

Training Programs were conducted for the Branch Managers and Field Officers during the year. Apart from this, employees were sponsored for various trainings as per their functional area of work. Training to Group C and Group D employees of the Company on mental and physical well-being and stress management was also conducted.

#### REPRESENTATION OF PERSONS WITH DISABILITY:

The Company endeavours to provide employment to Persons with Disabilities. As of March 31, 2022, the Company had 18 employees on its roll belonging to the category of Persons with Disabilities. Details of Persons with Disabilities in the service of Company, in pursuance of the relevant provisions under The Rights of Persons with Disabilities, 2016, are furnished in **Annexure V**.

# REPRESENTATION OF SCHEDULED CASTES, SCHEDULED TRIBES, OTHER BACKWARD CLASSES AND ECONOMICALLY WEAKER SECTION:

The Company strictly adheres to rules relating to Reservation for SCs/STs in recruitment and in internal promotions. In adherence to the relevant instructions from the Government of India, the Company has adopted a 'Post-based Roster system'. Details of 'Reserved vacancies filled in by direct recruitment at different level under reservation for SC, ST, OBC, EWS are furnished in **Annexure VI.** Representation of SCs, STs, OBCs, and EWSs in the total manpower in various cadres as of March 31, 2022 is furnished in **Annexure VII**.

### **GENERAL ADMINISTRATION**

- 1. Revenue and Capital expenditure of the Company are properly controlled and incurred within the annual budget approved by the Board of Directors.
- 2. All the Branch Offices / Regional Offices have been advised to take necessary steps to implement the Government of India's Policy regarding procurement through Micro, Small and Medium Enterprises (MSMEs). The Government of India Public Procurement Policy framed in April 2012, for all MSMEs mandates that 25% of procurement of annual requirement of goods and services by Public Sector Undertaking will be from Micro and Small Enterprises (MSEs). The Government of India has also prescribed a sub-target of 3% procurement of goods and services from women enterprises and 4% from SC/ST entrepreneurs. During the Financial Year 2021-22, the total procurement of the Company at the end of March 2022 stood at ₹14.11 crore, out of which ₹6.02 crore (42.66%) was procured through MSMEs and within MSME procurement worth ₹24.09 lakh (4%) was done through SC/ST entrepreneurs and ₹54.01 lakh (8.97%) was done through women entrepreneurs.
- 3. The Company has identified a list of goods and services which may be procured from MSMEs as and when need arises. There have been no reported cases of delayed payment to MSMEs.
- 4. The Company has also complied with e-publishing policy which is a part of e-procurement policy of 2012 of the Government of India. As per the directions received from the Ministry of Commerce & Industry regarding procurement through Government e-Marketplace (GeM), the Company has registered with the GeM portal for on-line procurement of commodities and services. During the FY 2021-22, procurement through the GeM Portal amounted to ₹5.04 crore which is 35.72% of the total procurement done by the Company during the Financial Year 2021-22 amounting to ₹14.11 crore. As per the directive, the monthly procurement data up to March, 2022 is uploaded on MSME Sambandh Portal.

**IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS** 

The IRDAI has vide its circular reference No.

IRDAI/F&A/CIR/ACTS/023/01/2020 dated 21st January 2020, informed

that insurers should implement Ind AS 109 and Ind AS equivalent of IFRS

17 simultaneously along with all other applicable Ind AS. The effective

date of implementation shall be decided after the finalization of IFRS 17

by the International Accounting Standards Board (IASB). Accordingly, the

Company awaits further instructions from IRDAI in this regard.

For and on behalf of the Board of Directors

M. Senthilnathan

**Chairman-cum-Managing Director** 

**DIN 07376766** 

Place: Mumbai

Date: May 25, 2022

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## PENDING CAG PARAS AND MANAGEMENT REPLIES

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
	Audit Para	Release of excess amount of ₹9.36 crore for	Audit observed that the Company paid ₹55.17 crore to NBCC. However, the amount actually payable should have been reduced since the allotted building space for commercial was reduced. This resulted into excess payment by the Company to the tune
			about the status of the refund, the
			reconciled their account and refunded ₹46,85,803/- to the Company after deducting ₹26,74,436/- towards
			interest on delayed payment. The Company officials met Chief General Manager, NBCC on multiple occasions

and discussed the issue. The
Company officials explained the
genuineness of seeking the refund of
interest amount charged from the
Company. NBCC then had put up the
case to the Ministry of Housing and
Urban Affairs (MoHUA) for
consideration. However, the MoHUA
has not agreed to the request as had
been informed by NBCC vide their
letter. Since the MoHUA has not
considered the request, the Company
has requested the CAG to drop the
para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
2.	Part – IIB,	Delay in sending	Audit observed that SOA for the quarter
	Para1 of	Statement of	ending March 2017 was sent to the
	year 2016 -	Account (SOA)	reinsurers with a delay of one month
	17.	and delay in	and thus resulted in the block-up of
		receiving	funds and consequent loss of interest.
		reinsurance	Further, the Company did not charge
		balances and not	interest to the reinsurers for the delay
		charging interest	made by reinsurers in paying the
		for delayed	amounts which resulted in further loss
		payments.	of interest.
		(Transaction Audit	The Company replied that the current
		Inspection Report	Enterprise Resource Planning (ERP)
			software being used by the Company's

for the p	period business units and also the
2016-17)	Reinsurance department was
	developed in 2002 and is outdated and
	obsolete in terms of technology. There
	was no provision for Reinsurance
	Accounting and Reinsurance related
	reports when the system was designed
	in 2001. The Company has initiated the
	process of "revamping of the core
	insurance software" including the
	reinsurance software with "Center for
	Development of Advanced Computing
	(C-DAC)" and all such extended
	functionalities shall be delivered in the
	revamped core insurance software by
	C-DAC.
	Audit vide its letters have thereafter
	requested the Company about the
	status of the development of the new
	software. The Company vide its letters
	has updated the CAG that new software
	development is in advanced stages and
	leg-1 of the software is expected to Go-
	live by December 2022.
	Further response from the CAG on the
	para is awaited as on 31.03.2022.

S.	Name of the			Brief	of th	ne Para	Reporting Status
No.	Audit Para						
3.	Part	_	IIB	Delay	in	receiving	Audit observed that the Company paid
	Para	2	of	the	rei	nsurance	a claim on one account under ECIB to
				share	of	₹171.79	various banks amounting to ₹275.22

year 2017 – crore from 18. Reinsurer.

(Transaction Audit Inspection Report for the period 2016-17)

crore. The Company had Excess of Loss Treaty with a Reinsurer to cover a loss in excess of ₹40 crore during that financial The year. Company demanded Reinsurer to pay ₹171.48 crore under EOL Treaty. Company had several rounds of discussions and many communications with Reinsurer and has submitted all the documents and clarification to them. However, the amount has not been received. The Company has neither imposed any penalty for delaying the payment nor initiated any legal action to recover the amount.

The Company replied that the reinsured has always cooperated with the reinsurer and given all the documents clarifications as and required settlement of claim. In addition to the above, the Company's Chairman-cum-Director Managing called on Reinsurer's Chairman and perused the matter. The matter was thereafter reported to the Chairman, IRDAI and the Company is also following up simultaneously with Reinsurer. The response to MOC letter is still awaited from the Department of Financial Services.

The Company has been following up for settlement of claim with Reinsurer and

	informed the CAG that the matter will be
	resolved amicably. The option of legal
	recourse has not been examined which
	will be the last resort for the Company
	and requested the CAG to drop the
	para.
	Further response from the CAG on the
	para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
4.	Part – IIB,	Outstanding claims	The CAG observed that after the
	Para 5 of the	paid pending	settlement of claims to banks and
	year 2018 -	recovery of Bank	exporters under Export Credit
	19.	Business Branch	Insurance to Banks / Policy covers, the
		(BBB) and	Company has to recover the settled
		Exporter Business	claims from the banks / banks of the
		Branch (EBB).	exporters as per the proportion in which
			the loss was borne between the
		(Compliance Audit	Company and the bank / exporter.
		Inspection Report	
		for the period	Audit observed that the recovery figures
		2017-18)	compared to the Claim figures were
			8.79% by the BBB and 3.20% by the
			EBB. Further, 80% of cases under BBB
			and 65% of cases under EBB were
			pending for recovery for more than 10
			years. Audit requested the Company to
			share the Action taken to write-off
			claims pending for more than 10 years
			where no legal action is initiated/no
			collateral securities are available and

further steps taken to recover the pending claims.

The Company replied that for cases pertaining to BBB, it had a system of following up with the banks for recovery with quarterly reminder letters on each recovery case and personal visits. Presently, the Company can write off any claim only if concerned Bank's Head Office decides to write off the dues.

Similarly, for cases pertaining to EBB, after the claim is paid to an exporter the case is taken up for recovery. Claim paid on account of resale/reimport are written off immediately while in case of insolvency or default the branch waits for the progress in the matter and monitors by sending timely reminder letter to all exporters for effective recovery action.

The Company also informed the CAG that the suggestion given by the CAG for writing off claims (10 years or more) where no legal action is initiated/no collateral securities are available is taken up with the Head Office of the Company for framing necessary guidelines.

The Company, thereafter, in reply to
letters received from the CAG, has
updated the CAG about the current
status of the recovery and also
requested them to drop the Para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
5.	Part – IIB,	Delay in calling	The Audit observed that the Company
	Para 1 of the	cash from	entered into Voluntary Quota Share
	year 2019 -	reinsurers resulting	Treaties with multiple reinsurers. As
	20.	into loss of interest	stipulated in the agreements, the
		amounting to	Statement of Accounts (SOA) including
		₹11.67 crore	amounts of the respective reinsured's
			share of premium, commission and
		(Transaction Audit	compensation of a quarter under Quota
		Inspection Report	Treaties are to be sent to the reinsurers
		for the period	within 60 days from the close of each
		2017-18)	quarter. It was further stated in article
			(No. 24) on Cash Call that if the amount
			of insurance compensation exceeds
			₹10 crore, the reinsured may ask the
			reinsurer for payment within ten
			working days.
			The Audit further observed that the
			Company did not make cash calls under
			quota share treaty for the claims settled
			during FY2017-18 however included
			the reinsurance share of the paid claims
			in the quarterly SOAs. Failure to invoke

Article 24 for raising cash calls on the reinsurers resulted in delay in receipt of the dues and further loss of interest of ₹11.67 crore.

Management replied that SOAs are prepared manually without software assistance and if the Company is opting for cash call, that particular account should be taken out of the quota share and maintained separately for the accounting purpose. In the absence of automated computer systems software it is practically not possible to maintain each account separately and then calculate quota share. It was further replied that the reinsurance business process and accounting is included in the new ERP system and is being developed by C-DAC. implementation of the ERP system the SOAs would be prepared in time.

Further, as advised by the CAG Audit Team the Company has started implementing cash calls for reinsurance claims for more than ₹10 crore from 2018-19. The Company further updated the CAG vide its letters that as on date there is no delay in seeking Cash Call from the Reinsurers and that the Company has sensitized all its Field Offices and Reinsurance Team to monitor the position on regular basis.

The C	Company therefore requested the
CAG	to drop the Para.
Furthe	er response from the CAG on the
para i	s awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
6.	Part IIB,	Loss of recovery of	The Company had approved total limit
	Para 2 of the	₹47.25 crore due to	including PC and PS of ₹813.85 crore
	year 2019 -	transfer of	to a consortium of 14 banks with one
	20.	collateral security	lead bank. The consortium banks had
		to the third party by	thereafter reported NPA and ROD with
		the exporter	first NPA reported by a Bank, the first
		without knowledge	ROD reported by a different Bank and
		of lender's bank in	the first claim lodged by another Bank.
		claim payment	The Head-Office Claim Committee of
		against an exporter	the Company approved the claim for
		amounting to	₹294.72 crore against the total claim
		₹294.72 crore.	lodged by consortium banks for
			₹852.15 crore.
		(Compliance Audit	
		Inspection Report	In this connection, audit observed that:
		for the period	1. The Consortium has obtained
		2015-18)	aggregate collateral security for
			₹225.96 crore including two
			windmills owned by the exporter
			worth ₹63 crore. However, the
			exporter transferred windmills
			with the banks to a different
			company without consortium
			banks' knowledge. Since the
			collateral assets were

- transferred by the exporter without the knowledge of the lead bank, the same resulted in loosing chances of recovery of ₹47.25 crore.
- 2. The above vital fact came into light in July 2016 itself; however, the Company did not take into consideration this fact while approving the claim. This needs justification.
- 3. The above fact indicates that the Banks did not create the equitable mortgage charges on said assets. Further, Personal Guarantees of 15 individuals with aggregated net worth of ₹395.82 crore and Corporate Guarantees of four companies having an aggregate net worth of ₹28.51 crore as on 31.03.2012 were not executed. Thus, due to lapse on the banks side, the recovery chances are bleak.
- 4. Due to absence of valuation certificate from the professional valuers, the authenticity of export of GJD could not be ascertained. The banks issued a SARFAESI notice to the exporter for which outcome was awaited. The same to be intimated to the audit.

The Company replied as under:

- 1. Original title deeds and related documents of all the equitable mortgage were available with lead bank. Charges on the security were enforceable. It was also reported that the Lead Bank had filed a complaint with the Economic Offences Wing against the exporter defrauding them by selling assets mortgaged with banks.
- 2. The claims were approved by Company's Head-Office Claim committee (HCC) on March 2016. On September 2016 representation of claim was approved which is ongoing process. It is pertinent to note as per the lead bank complaint to CBI, the borrower (Exporter) fraudulently sold the property. In the above instance neither the banks nor Company should be held accountable.
- It may be noted that the banks still have their charges on the equitable mortgaged security and preserve the right for recovery of dues.

4. The banks had conducted stocks audit and submitted their reports. No major discrepancies were noticed by the auditors. The Company does not obtain valuation report; however, banks do take the valuation report at the time of sanction. Further, the authenticity of the export was ascertained from the Shipping bill, XOS / EDPMS statement of RBI and the documentary evidences provided by the banks.

The Company further informed the CAG that it had confirmed with the Lead Bank. The Lead Bank has not filed any complaint with SEBI with respect to wind mill projects but has declared the account as Fraud and are in process to file complain with DFS after receiving necessary approval for the same. The Company therefore requested the CAG to drop the Para.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
7.	Part IIB,	Remittance from	The Audit observed that as per the
	Para 2 of the	Banks without	Company guidelines, any amount of
		information of total	recovery in respect of an insured debt

year 2019 – recovery
20. proportionate

share of recovery to the Company.

and

(Compliance Audit Inspection Report for the period 2018-19)

whether from the exporter or any other person from whom such recoveries are made either by or on behalf of the exporter is to be shared between the insured bank and the Company in the same proportion as the losses are shared between them. However, following observations were noted during the audit of the following cases:

- A Bank informed about the OTS in two of its accounts. Bank has shared the recovery amount but has not shared the details calculation worked out to arrive at recovery amount.
- Similarly, another bank has informed that one of their account was settled and 40 percent of the Claim paid amount to the bank was refunded. Request of source of recovery and correctness of recovery share was called after 1 year 8 months.
- 3. The same bank has shared a recovery on one of its other account. The source of recovery and calculation sheet of the Company's share is yet to be furnished by the bank.

Management replied that the branch has sent numerous reminder letters to the banks in all the cases to ascertain the source of recovery and details of

calculation based upon which bank
has shared the recovery with us. The
Company is vigorously following up the
matter with the bank through letters as
well as personal visit. The Company
therefore requested the CAG to drop
the Para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
8.	Part IIB,	Short-recovery of	Bank informed that One Time
	Para 3 of the	₹4.92 lakh from	Settlement with one of its borrowers
	year 2019 -	Bank.	had been done at ₹65.00 lakhs against
	20.		recoverable dues ₹300.06 lakhs,
		(Compliance Audit	envisaging waiver of ₹235.16 lakhs.
		Inspection Report	Bank refunded ₹28.94 lakhs to the
		for a branch of the	Company as a share of recovery with
		Company for the	calculation sheet. In the verification of
		period 2018-19)	calculation sheet furnished by the
			Bank, the Company found that
			calculation of its share was not correct.
			The Bank has remitted an amount of
			₹28.94 lakh while as per the
			Company's calculation it was ₹33.86
			lakhs. This short payment of ₹4.92 lakh
			was intimated to the Bank and a
			request was made by the Company to
			submit a copy of OTS duly approved
			by Competent Authority of the Bank.
			The Company further requested the

Bank to submit recovery format duly filled in and signed.

Audit observed that the said Branch of the Company has not realized ₹4.92 lakh from the Bank due to lack of proper follow up. If the cases of recovery are not resolved at the Branch level, follow up needs to be done at the higher management level. The CAG requested for Action taken/proposed to be taken for further follow ups.

The branch of the Company has sent multiple letters & reminders to the Bank to ascertain the source of recovery and details of calculation based upon which the Bank has shared the recovery with us. The Company is also in touch with bank and following up with the personal visits. The subject case has also been forwarded to HO (Recovery Department) with request to follow up the case.

In view of the above, it is requested to accept the reply under the referred memo and close the same.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
9.	Part IIB,	Lack of due	Audit observed that a Policy Holder
	Para 1 of the	diligence with	(PH) filed a claim in respect of
	year 2020 -	respect to	shipments effected to a buyer from
	21.	verification of	Rwanda. The claim was rejected by the
		buyer's status	Company's Regional Claim Processing
		resulted into	Centre (RCPC) in view of lapses and in
		avoidable	absence of acknowledgement of debt,
		expenditure of	effective recovery measures and
		₹107.77 lakh by	sufficient legal action for recovery. The
		way of claim	PH represented their claim. RCPC
		payment.	noted lapses with respect to late filing of
			claim, delay in reporting of overdue and
		(Compliance Audit	recommended for deduction of 25% on
		Inspection Report	the admissible amount. Justification of
		for a branch of the	the PH was considered because it has
		Company for the	been noticed that as per court order a
		period 2018-19)	company situated in Kenya which was
			also the Parent Company of the buyer
			in Rwanda was declared insolvent 14
			days before the policy was issued to
			PH.
			The PH submitted the policy proposal
			one day before the parent company
			was declared insolvent. Audit also
			observed that neither the Company nor
			the PH had any idea about the said
			buyer or the Buyer's Parent Company
			facing financial / liquidation issues. The
			PH effected the shipments 20 days after
			the policy was issued. The PH did not

have any past trade relations with the buyer and for that purpose, PH relied only on the Company's assessment of the buyer since he was informed that if the buyer was not found diligent, the policy would not be issued.

It was informed to Audit that the basic decision regarding underwriting of buyer risks is done by the buyer underwriting department (BUD) at the Head Office. HO-BUD obtains information about Buyers from sources such as Indian Banks and foreign banks, Credit information agencies, Indian Embassies / High commissions, Offices of export-promotion organizations abroad, rating agencies other agencies. Factors such Exporters experience with the buyer, Company's experience with the buyer also considered before are underwriting. Audit observed that during the issue of policy to the above exporter, the Company relied only on the report of D & B only which did not furnish the correct picture. HO-BUD of the Company should have taken information from the other sources also by following the policy guideline before underwriting the policy. Thus, lack of due diligence on the part of the Company resulted into an avoidable

expenditure of ₹107.77 lakh by way of claim paid to PH.

The Company replied that as per the official Insolvency record received, the date of insolvency was signed / declared 3 days after the policy was issued. Under the Insolvency Declaration the parent Company situated in Kenya had appointed official administrator which was much later from the date of commencement of risk under insured thereof. Over and above, the buyer belongs to Rwanda and the destination of consignment Rwanda and all the official liquidation has been executed by the Parent Company at Kenya which is a separate country beyond the legislature of Rwanda. The Republic of Rwanda is separate country beyond the permissible of law of Republic of Kenya. PH has appointed a DCA for recovery under the court of Law of Kenya under the Official administrator of Insolvency appointed thereof. Based on the above explanation the Company requested the CAG to close the Para.

No.	Name of the	Brief of the Para	Reporting Status
NO.	Audit Para		
10.	Part IIB, Para 2 of the year 2020 – 21.	Lack of proper communication with insured bank resulted into non-remittance of share in the recovery of ₹23.52 lakh by a Bank.  (Compliance Audit Inspection Report for a branch of The Company for the period 2018-19)	Branch of the Company for a default made by an exporter against the Report of Default reported by the Bank for ₹1.01 crore. As per the Company's guidelines, any amount recovered from the exporter subsequent to payment of claims shall be shared between the Company and the Bank in the same ratio in which the loss was

shifted. the detailed has been information about the claim was not available. The Bank then requested the Company's Branch office to share the details. Audit however observed that no further development has taken in this regard. Since the documents indicating recovery of ₹1.08 crore received from Bank is available in the file of the Company, the same should be forwarded to the Bank for further action.

The Management informed the Audit that the recovery was under process and issued letters to the Bank to share the recovery due thereof. The matter was also intimated to higher authority of the Company for a corporate level initiation recovery process. The Company vide letter also informed the CAG that the Company has recovered ₹1,11,58,392/- with penal interest for delay in share of recovery. The Company has also requested the CAG to drop the pending para.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
11.	Part IIB, Para 3 of the year 2020 – 21.	Non-imposing of penal interest provision for delay in share of recovered amount.  (Compliance Audit Inspection Report for a branch of the Company for the period 2018-19)	Audit observed that a claim of ₹8.13 lakh was paid to a Bank against the default of an exporter. Subsequently, an amount of ₹25.00 lakh was recovered by the Bank from the Exporter and a share of ₹4.74 lakh was paid to the Company after 8 months against the prescribed period of 30 days. However, interest amount for delay of more than 30 days on ₹4.74 lakhs was neither claimed by the Company nor remitted by the bank. Management replied that against the paid claim the Company has recovered ₹4,36,920/- Since the entire claim amount has not been recovered a reminder notice / letter is being sent which states that any delay in remittance may attract interest, at the prevailing base rate of the bank. The recovery for the rest of the claim paid is followed up every quarter.  Similarly, a claim of ₹23,75,112/- was paid to a different branch of the same Bank. An undertaking was also signed by the Bank that in case of recovery, share of the Company will be paid by the bank within seven days of recovery failing which interest of 5% over the bank rate will be paid for the period of delay. Audit noted that the Company

requested the Bank to remit its share of recovery amounting to ₹10.71 lakh along with interest for the period of delay. Management replied that against the claim paid; the Company has recovered ₹10,71,110/-. In order to recover the rest of the claim, the Company is sending reminder notice / letter to the bank on quarterly basis. To recover the penal interest notice / letter has been sent and the process of recovery is still continuing with the Branch of the Bank. Audit requested for confirmation of facts and figures along with present status of recovery as well as interest for delayed remittance to the Company.

The Company vide its letter also replied that the Company has paid claim to a branch of the Bank on account of the Exporter to the tune of amount ₹8,13,504/-. Against the paid claim, the Company has recovered ₹4,36,920/-only. Since the Company has not realized the entire claim settled amount the Company is sending the recovery reminders to recover the balance amount from the Bank in every quarter.

The Reminder notice / letter states that any delay in remittance may attract interest, at the prevailing base rate of the bank. The recovery amount is to be

proportionately shared with the Company in the same ratio in which the loss was borne by the Company at the time of claim settlement. Interest recovered, if any for the period after the date of settlement of claim, is to be shared proportionately from the date of payment of the claim up to the date of remittance. The recovery of the rest of the claim-paid is under process.

Further, the Company has paid claim to another branch of the Bank amounting to ₹23,75,112/- Against the said claim payment value the Company has recovered of ₹10,71,110/-. In order to recover the rest of claim the Company is sending reminder notice / letter to bank on quarterly basis. To recover the penal interest notice / letter has been sent. The process of recovery is still continuing with the Bank. The Bank Branch office vide e-mail has stated that their actual sacrifice under OTS is ₹3.09 crore and notional sacrifice is ₹1.20 crore for which the Bank have requested for waiver of penal interest in the process of recovery. Based on the explanation above, it was requested to the CAG to close the para.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
No. 12.	Part IIB, Para 4 of the year 2020 – 21.	Delay in filing of TDS/ TCS return resulted into penalty under section 234 E of Income Tax Act, 1961  (Compliance Audit Inspection Report for a branch of the Company for the period 2018-19)	Audit observed that TDS/TCS return for second quarter of a branch of the Company for a certain quarter of a Financial year was filed 10 days after the due date for filing the return. This resulted in the payment of a late filing fee of ₹2000/ Provisions of Section 234E of Income Tax act states that the Deductor of Tax (TDS) or the Collector of Tax (TCS) is required to file the TDS/ TCS returns within prescribed due dates. In case of any delay, the deductor or the Collector would be liable to pay a late fee for non- filling / late filling of TDS/ TCS returns as per provisions of section 234E of the Income Tax Act i.e. at ₹200 for every day during which the failure continues. It is important to mention that TDS/TCS return cannot be filed without payment of late filing fees as discussed above. However, the amount of late filing fees shall not exceed the amount of TDS/TCS. The amount of ₹200.00 for every day is a late filing fees and not a Penalty.  Thus, non-adherence of provisions of Income Tax Act resulted in to a financial loss to the Company to the tune of ₹2000/

	Management replied that the process
	of TDS return filling was out-sourced to
	a Chartered Accountant firm. The
	delay had occurred at the CA firm end
	for which the late filing fees was levied
	on the Company. The Company has
	changed the out-sourced CA firm for
	negligence in service and the
	Company also assures the auditor to
	take care of such issues in future.
	Based on the above explanation it was
	requested to close the para.
	Further response from the CAG on the
	para is awaited as on 31.03.2022.
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S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
13.	Part IIB,	Avoidable payment	An agricultural product exporter was
	Para 1 of the	of claim - ₹33.70	holding Export Turnover Policy (ETP)
	year 2020 -	lakh	from the Company with Maximum
	21.		Liability (ML) under the policy of ₹12
		(Compliance Audit	crore when the shipment under claim
		Inspection Report	took place. The policy was issued with
		for a branch of the	Letter of Credit (LC) comprehensive
		Company for the	risk coverage with No Claim Bonus
		period 2019-20)	(NCB) of 35 percent. The Policy Holder
			(PH) was along having credit limit of
			₹1.00 crore on document against
			Acceptence-30 (DA-30) days.
			Subsequently the Credit Limit was
			cancelled after 2 months and the buyer
			had been placed in Buyer Specific
			Approval List (BSAL) of the Company.

Further the policyholder submitted Report on default (ROD) 40 days after the shipment was effected and within timelines the prescribed by the Company. The ROD was filed due to non-acceptance of goods by the buyer. Further, the PH searched two new buyers through its agent for resale of the goods. One of the buyers was willing to take the goods on DA terms however cover was not provided by the Company on resale to alternate buyer due to adverse information of the said buyer. The other buyer was ready to take the goods with discounted price and on DA terms however he was not sure of quality. Hence, the PH had not taken any risk to sell the goods to those buyers. PH again negotiated with the original buyer and the buyer agreed to take the delivery of goods on DA Terms and conversion of the payment terms from DP to DA-30 was approved by the branch of the Company. As per the shipping line email, buyer (consignee) has taken delivery after 4 months from the date of the Bill of Lading by paying demurrage and shipping charges applicable. The buyer has refuted the liability for the said shipment due to quality issues of the product and refused to make payment. PH had followed up with the buyer; however, no response from the buyer was received.

Subsequently the buyer raised quality issues 2 months after inspection done in their warehouse by a local inspection agency. The Agency report clearly mentioned that at the time of opening the containers. consignees had observed spoiled cargo and live insects and had immediately called inspection. The said claim was rejected based on the ground that as per the Exclusions 3(f) of ETP Policy "The Company shall not be liable for any losses arising out of any cause whatsoever that is inherent in the nature of goods exported." Subsequently, the Policy Holder made various representation (03 representations) to the Company and stated that the buyer had accepted the delivery of 03 out of 04 consignments total consignments without any complain of whatsoever nature and further the payments for the same were duly made to release the cargo under delivery order and requested for modification in payments terms to DA-30 days which was made with approval of the Company. PH further repeated and reiterated that as per the sales contract there were no quality issues. Thus, PH strongly objected and took exception to the quality report made by the buyer who unilaterally appointed surveyor without any intimation and/or our

consent and hence, has no validity or enforceability as per sales contract. Under the aforesaid facts the PH requested to consider the instant claim without being biased towards the quality report made by the buyer as the same suffers from inconsistency and is not in accordance with the guidelines. However, the claim was further rejected based on the same ground by ED (HO). Further the PH made fourth representation vide his letter and requested the Company to reconsider the claim. Since the subject claim was rejected twice at HO level the claim was submitted to HO (Grievance) for their necessary action. The Apex Customer Grievance Committee (ACGC) in its meeting noted and discussed the above grounds of rejection and recommended the exporter's representation on the ground that Buyer had not accepted the documents as per the contract and after considerable delay accepted the goods on DA terms. The buyer got quality test conducted on the goods by a local agency from Sri Lanka. The preliminary inspection had reported no quality issues on the goods. Further the Committee opined that inspection was carried out unilaterally by the buyer and the agency selected for inspection was not as per sales contract. Therefore, the quality issues cannot be held against

the exporter. On the above, audit observed that after non-acceptance of goods the exporter tried to sell the goods to another buyer who was ready to take the goods with discounted price but DA terms and he was not sure of quality. The PH had not taken any risk to sell the goods to the said buyer. It seems that the inspection carried out by the original buyer was authentic and accurate. Thus, the claim amounting to ₹33.70 lakh should not have been considered as per the Exclusions 3(f) of ETP Policy.

The Company replied that Exporter had effected a total of four shipments against the same order and buyer had taken delivery of first three shipments and also realized payments in time. However, the buyer had delayed in taking delivery of the fourth shipment for ₹37,45,232/- due to financial difficulties. The terms of payment for the fourth shipment was also converted from DP to DA with prior approval of the Company. The buyer after taking delivery of the fourth shipment unilaterally got the quality test done by a surveyor from Sri Lanka, a local agency and not the agency mentioned in the contract. On the pretext of the above agency's preliminary report, the buyer declined to honor the invoice

amount. It may also be mentioned here that with the exported commodity being rice, had the quality been unfit for human consumption, the Sri Lankan customs would not have allowed customs clearance. The shelf life of Rice is also more than 2 years. Exporter also obtained pre-inspection certificates of weight and quality by the same inspection agency as per sales contract and the same was in compliance to the standard and agreed parameters by both the buyer and seller. From the above facts, it was very clear that due to their financial difficulty, the buyer tried to avoid making payment for the fourth shipment by citing quality issues. It may also be mentioned here that the exporter had been our policy holder for 4 years and had remitted a total premium of ₹60.57 lakhs and this was their first claim. Accordingly, payment of claim of ₹33.70 lakhs was in order. The Company therefore requested the CAG to drop the para.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
14.	Part IIB,	Avoidable claim	An exporter was holding an Export
	Para 2 of the	payment to an	Turnover Policy (ETP) with the
	year 2020 -		Company with a Maximum Liability
	21.	amount of ₹11.76	(ML) of ₹10 crore when the shipment
		lakh.	under claim took place. The policy was
			issued with Letter of Credit (LC)
		(Compliance Audit	comprehensive risk coverage with No
		Inspection Report	Claim Bonus (NCB) of 25 per cent. The
		for a branch of the	Policy Holder (PH) was also having
		Company for the	credit limit of ₹20 lakhs on Document
		period 2019-20)	against Acceptance - 90 (DA-90) days
			which were duly approved by the
			Company. The limit was cancelled on
			submission of Report on Default
			(ROD) by the Exporter.
			The PH has effected four shipment of
			Mixed Woven made ups to the buyer
			against term of Payment (TOP) OD-90
			days for total gross value of ₹15.47
			lakhs. The PH has asked for payment
			against the outstanding 04 invoices via
			email and the same was received by
			one employee of the import
			department of the buyer and sent the
			same to their accounts department for
			further confirmation. Further, after non-
			receipt of payment of the said four
			invoices the PH contacted the Debt
			Collecting Agency (DCA) - MNS Credit
			and the DCA has confirmed that the
			buyer company is active as on date but

no recovery has been made by the DCA. Further, the PH again represented the case to the Company for consideration and stated that "the shipping document covering the above claim was lodged to the Bank for discount and they have forwarded it to the customer directly along with their instruction for mode of payment. It is quite evident now that the customer has violated the Bank's instruction and made the payment as requested by the Hacker". Further, the exporter vide their email to the DCA also pointed out that the buyer had actually remitted the amount to some unknown person called Tarek Allouni instead of the exporter's company. From the above, it was evident that the payment was made by the buyer to the account provided by the hacker and the amount was not received by the exporter. Several e-mail correspondences also indicated that the email of the designated employee of the exporter had been hacked and the export proceeds had been remitted to some other account. It may not be treated as non-payment from the buyer as the buyer paid the amount.

On the above ground, it was observed that when the payment was made by the buyer to the designated accounts

provided by the designated employee of the exporter, the payment may be treated as received by the exporter. Further, if the amount has been fraudulently paid to someone by the buyer, it might be considered as cyber fraud. Hence, the claim should not have been considered as per the Clause 4.21.2 (Omnibus Clause-Interpretation) of the Company guidelines which inter-alia state that "the occurrence of event such as hacking, masquerading, eavesdropping, phishing etc. broadly known as Cyber-crime is not to be considered under 'Omnibus Clause' as these events could have been prevented from its occurrence with proper firewall systems and by due diligence of the insured and/or the buyer" and also as per clause 12(d)(ii) of the policy bond. The payment of claim amounting to ₹11.76 lakh to the PH could have been avoided by invoking the above clauses.

The Company vide letter replied to the CAG that the Exporter had effected a total of 57 shipments to the buyer for a total value of ₹2.76 crore and realized payment prior to shipment under default. The buyer had also received all shipping documents from The Exporter's bank with instructions to pay

to their account which was clearly mentioned in the bank's bill covering schedule.

From the 1st attachment (swift message) as provided by the buyer to DCA, it was observed that the Beneficiary details are missing and only the account number is mentioned when it is mandatory to write the beneficiary name and account number for any payment instruction. From the 2nd attachment as provided by buyer to DCA where the buyer is calling back the fund from a different bank, the Buyer has written the name as Tarek Allouni in the field no. 59, which shows that the buyer had made payment to an unknown person named Tarek Allouni and was aware of the fact. The buyer had also accepted the fact of fraud via their legal department letter and as such The Buyer had lodged a complaint with South Wales Police also. It seems the buyer had failed to take normal care and prudence before remitting the payment and defaulted in paying the exporter. It may further be noted that the exporter had been our Policy holder for 15 years and had remitted a total premium of ₹2.25 crore. Keeping in view of above facts, the settlement of claim of ₹11.76 lakhs by the Apex Customer Grievance

Committee is in order. The Company
also requested audit to accept the
above facts and comments and
requested for dropping of related audit
para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
15.	Part IIB,	Outstanding for	Audit observed that the recoveries
	Para 3 of the	recovery of Claim	made after the payment of claim are
	year 2020 -	paid.	shared with the Company in the same
	21.		proportion in which the loss was borne.
		(Compliance Audit	The Company expects a fair spread of
		Inspection Report	risks involved. Therefore, an exporter is
		for a branch of the	required to insure all the shipments that
		Company for the	may be made by him during the policy
		period 2019-20)	period except those made against
			advance payment or irrevocable letters
			of credit - confirmed by banks in India.
			Exclusions are however possible where
			items are not of an allied nature. The
			Company issues the policy after the
			exporter conveys his consent to the
			premium rates and pays a non-
			refundable policy fee as per schedule
			fixed according to maximum liability. A
			claim arises when any of the risks
			insured under the policy materializes.
			Generally, a claim is payable after four
			months from the date of the event
			causing loss. In some cases, claims will

be paid on an ex-gratia basis to the extent of 60 percent of the loss where some requirement is required to be waived.

During the course of audit of a Regional Office of the Company, the Audit found that there were huge outstanding for of claims recovery paid under shipment-based policies from the different types of customers of an Exporter Branch and Bank Business Branch. Audit observed that the total claims outstanding for recovery from the customers increased from ₹54.06 crore to ₹113.68 crore in the immediate next Financial year of the Exporter's Branch. Further, an amount of ₹31.17 crore was outstanding against the customers which are three years old. Audit also observed that the Total amount of claims outstanding of ₹32.12 crore is for 12 months. In case of the Bank Business Branch, total claims outstanding is ₹14.08 crore out of which ₹12.04 crore is between 1 and 6 months and ₹2.04 crore is for 1 year. Audit requested management of the Company to share reasons for nonrecovery of huge outstanding claims from the exporters of Exporter's Branch and Bank Business Branch. Further, steps taken / proposed to be taken by the Management for recovery of

outstanding claims amount may be furnished to Audit.

Management of the Company replied that the above data is actually ageing of claims outstanding i.e. pending claims for which decision is yet to be taken. Further, the claim outstanding amount of the Bank Business Branch has been shown in Exporter Branch's figures. Total amount of claims paid and pending for recovery for the Bank Business Branch is ₹907.20 crore. Out of which ₹536.23 crore is pending for recovery on account of only one group. Due to ongoing CBI/ED inquiry the security available in the account have been attached and therefore banks could not make any substantial recovery in the account. However, the Company is continuously following up with the Banks for recovery on the matter through regular quarterly letters & personal visits/phone calls. There are total 587 claim paid files (pending for recovery) which were paid during the years. The claim files paid more than 40 years ago are also kept open in absence of confirmation / information from Banks in respect of closure / write off of NPA accounts. As a result, numbers and amounts outstanding and pending for recovery have increased for year-by-year. Another reason

keeping the files open is the chance of recovery, even remote, in the account. In some cases, Branch Offices have received recovery even after 20 years from the date of claim settlement.

It may please be noted that recovery under Bank Business depends a lot on recoveries made by banks on NPA accounts through the sale of mortgaged properties /compromise settlement / sale of assets to Asset Reconstruction companies / other legal means which varies every year. During the last three FY's, the Branch, through rigorous follow up, have been able to make recovery on all the claim paid accounts on whom Banks made any part / full recovery through OTS / compromise / sale of assets etc. Branch regularly follows up with the respective Bank Branches and Asset Recovery Management Branches (ARMBs) / Stressed Assets Management Branch (SAMBs - specified bank branches dealing in NPA accounts) etc. through regular letters towards claim paid and pending for recovery cases as well as through personal visits and phone calls with particular focus on large value claims settled by the Branch. While following up the recovery cases and on the basis of discussion with Bank officials / market information, the

Company prepares and identify the list
of prospective cases for rigorous follow
up where chances of recovery are high.
Further, before settlement of any claim
to policyholders, such claims are
assigned to the Company's nominated
debt collection agencies like MAH
International, MNS Credit etc. Only
after effort has been made by DCA and
further recovery if any is not received,
claim is settled to the Policy Holders.
The Company therefore requested the
CAG to accept the replies sent and to
drop the Para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
16.	Part IIB,	Performance of a	Audit observed that the Company is
	Para 4 of the	Bank Business	essentially an Export Promotion
	year 2020 -	Branch & Exporter	Organization, seeking to improve the
	21.	Branch of the	competitiveness of the Indian Exporter
		Company.	by providing them with credit insurance
			covers. The Company under its Branch
		(Compliance Audit	that specifically handles bank business
		Inspection Report	usually processes application related to
		for a branch of the	Notification / Approval of limit from
		Company for the	banks, collects and adjusts premium on
		period 2019-20)	a monthly basis, processes Individual
			cover proposal received from any Bank,
			processes report of default application /

SAL inclusion & exclusion cases from any Bank, handles recovery related cases / sending recovery reminders & processing of recovery proposals, deals with entry of claims & preparation of claim file including preliminary scrutiny of claim documents before forwarding the same to the Company's Regional Claim Processing Centre for processing and under business development activities makes arrangement bankers' meet, regular follow up and guidance to banks for compliance of the Company's cover to Bank. On review of key business performance areas of a Bank Business Branch for a particular Financial Year (FY), it was seen that the performance of the said Branch was not very encouraging. Risk Value coverage declined by 20.45% as compared to the previous FY. The Accounts covered, Count of Distinct Exporter, Premium Income were all significantly short compared to the previous FY. In fact, the said Branch could achieve only 79.05% of the target assigned by the Company.

Similarly, another Branch of the Company handling only Policy Business provides its services to exporter clients located in the states of West Bengal, Bihar, Jharkhand and North East Region. It aims to market the

Company's products & services to new exporters. It strives to provide service related to policies to the branch's policy holders and process policy claims of branch policy holders. lt also undertakes to liaise with other offices of the Company (RO/HO/other BO) to provide timely service to its policy holders. On review of key Business Performance areas of this branch for the same Financial Year (FY), it was also seen that the performance was not very encouraging. There were significant declines in the Policy Premium, Count of Distinct Exporters, Policies in force, New Exporters and New Policies. It was observed that the Branch did not achieve any of the major targets set by the Company during the said FY. Audit requested the comments of the Management along with reasons for non-achievement of the major targets and steps taken to achieve the same.

Management replied that Bank Business branch received a total of 32 Report of Defaults for a total amount of ₹328.60 crore during the said FY. Out of these 32 accounts, four accounts which were major in terms of premium income/RV for the Branch office reported a default of ₹265.49 crore. Further, one account reported a default

of ₹206.50 crore. This said account was the top account of the Branch in terms of Premium Income and RV. Also, closure of ECIB-WTPC from the Head Office level issued to two banks has adversely affected the performance of the Branch (RV loss- ₹25.00 crore, Premium loss- ₹85.00 lakhs and loss of 40 accounts). Further, reduction in RV is also owed to non-utilization/less utilization of export credit on 12 major accounts has also contributed immensely in the downfall. Moreover, many good accounts have shifted to banks not covered under ECIB resulting into considerable reduction in Risk Value and premium loss. (119 accounts loss due to non-availing of export finance. closure of accounts and shifting to other banks). Also, reduction in premium rates for those Banks which are holding major share of market serviced by the Branch also contributed to the low premium income and less RV coverage of the Branch under the Bank Business.

Management also informed that although the performance of the Branch considerably depends on general market conditions like growth in credit off-take & less number of defaults and retention of good export accounts by the Banks under ECIB cover, Branches

and Regional Offices have been instructed to monitor disposal of limit notification applications within 30 days, disposal of limit approval applications within 60 days, close monitoring of accounts covered and close monitoring of monthly declaration collection and adjustment of the same from all the bank branches on regular basis to achieve the targets. Management also requested the CAG to accept the above clarification.

With respect to the decline in the Export Business the Company clarified that the Indian Exports during the said financial year were lower by 3.52% when compared with previous FY in Rupee Terms. During the year, the risk value (RV) covered by the Region under short term policies had decreased 10.53%. The declaration-based Policies RV declined by 7.78% whereas exposure-based Policies dropped by 12.93%. The main reasons for drop in business was due to lower exports of major commodities like Engineering Goods, Tea, Leather & Marine goods. All Policy Holders doing Tea Business had shown a drop in the RV due to sale of estates resulting in drop in exports. The MBE Policy of one of the exporters was renewed with an Aggregate Loss Limit (ALL) of ₹150.00

crore when compared with the expired policy ALL of ₹300.00 crore due to lower turnover. Above mentioned factors have attributed to non-achievement of major targets. Further, achievement of specified target is subject to global trade trend, local market condition, commodity trend and various other factors. Also, due to COVID-19 pandemic the business was closed. This also impacted the business during the said FY. However, The Branch Office with its available resources is putting in all efforts to excel in all areas in achieving the maximum result. Above facts and comments may please be accepted and it is requested for dropping of related audit para.

Further response from the CAG on the para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
17.	Part IIB,	Non settlement of	Audit observed that a PSU had taken
	Para 1 of the	legal case even	the Packing Credit Guarantee on
	year 2020 -	after completion of	account of an exporter for ₹30 lakhs.
	21.	fifty years.	The PSU was also required to take a
		(Transaction Audit	policy for liability for ₹10 lakhs from a
		Inspection Report	first-class Insurance Company.
		for a branch of the	Accordingly, The PSU took a policy
		Company for the	from an Insurance Company. The
		period 2018-19 &	Insurance cover was taken by PSU for
		2019-20)	

advance money given to the exporter to finance his contract valued at ₹81 lakhs for supply of groundnut extractions to a buyer in England. On failure of the exporter, the PSU suffered a loss and filed the suit in Court against the exporter and Insurance Company and simultaneously pursued the claim of ₹16.56 lakhs being 2/3 of the loss of ₹24.84 lakhs with the Company. The Company paid a sum of ₹8.89 lakh being 2/3 of the loss of ₹13.34 lakh after setting off the Insurance Company's liability amounting to ₹6.66 lakhs. The Company had not filed their written statement to the suit lodged by the PSU.

Audit observed that as inferred from the records there was delay in submitting the written statement by more than 13 years. The CMD of the Company has ordered for fixation of responsibility for the lapse. Responsibility and action thereon initiated may be intimated to audit. Audit also observed that a period of more than 50 years elapsed however the case had not been disposed of. This showed that the Company has not taken earnest for early settlement of the case. Further, it is mentioned in the note that the Solicitors representing the PSU, was pleading the case for the Company. This may please be clarified

whether the same solicitors representing for PSU and the Company.

The Management replied that the remarks of the Company's CMD were merely observation that too regarding payment of claim to the PSU without asking the PSU to withdraw the suit These against the Company. observations were not about filing of written statement with delay. It is pertinent to note that when the claim was received, filing of the Company's written statement was kept pending till examination and settlement of the claim. This has been explained in the note itself. Moreover, the Company is only a defendant in the matter. It may be noted that any effort for disposal of the matter have to be taken by Plaintiff. However, we have been informed by our Lawyer handling other matters that this has been dismissed for default once. Copy of the order has been requested. Further, the Management also clarified that the Solicitors were already representing the Company in several matters in the same city. However, in this current matter the Solicitors were representing the PSU. Thus, the Company had appointed a different advocate. Later on, a different set of Lawyers and Counsels was

	appointed by the Company through the
	solicitors and it was confirmed that
	there was no conflict of interest. Based
	on the above clarifications, it is
	requested for dropping of the Audit
	para.
	Further response from the CAG on the
	para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
18.	Part IIB,	Loss to the	The Company had issued the Whole
	Para 3 of	Company in OTS	Turnover Packing Credit Guarantee
	year 2020 -	settlement	(WTPCG) to a Bank for one of the
	21.		Exporter. The Bank had lodged the
		(Transaction Audit	claim after 3 years as the exporter was
		Inspection Report	on default for principal amount of ₹5.00
		for a branch of the	crore. The exporter had kept the
		Company for the	Security deposit with Bank in form of
		period 2018 - 19 &	Primary Securities, Collateral Securities
		2019 - 20)	and Personal Guarantees amounting to
			₹15.00 crore. The Company admitted a
			loss of ₹4.15 crore and according to the
			cover percentage available to the Bank,
			a sum of ₹2.76 crore was paid to the
			Bank. The Exporter approached the
			Bank for a One Time Settlement, which
			was agreed by the Bank for ₹2.50 crore
			against the dues outstanding of
			₹7,17,31,696/ After the OTS
			settlement the Bank had forwarded a
			DD amounting to ₹82,09,000/- being
			the Company's share in the recovery.

Audit clarifications requested on Whether the bank had taken the concurrence of the Company before granting the OTS proposal of the Exporter, if yes, the document may be furnished to Audit. The Audit also suggested that accepting the OTS proposal for ₹2.50 crore against the outstanding of ₹7.17 crore and having the Primary and collateral Security of ₹7.34 crore is not in the best financial interest of the Company, this needs justification. Audit was of the view that the Company had settled Claim amounting to ₹2,76,84,205 on the Defaulted PC of ₹5.00 crore after deducting ineligible advances, Therefore the Company should have asked for similar percentage in the recovery being 63.06% of OTS amount of ₹2.50 crore after adjusting already received amount. Hence the demand should have raised for ₹72,14,000/-. However, the Company has raised the demand of ₹19,94,000/- being the 42.18% of ₹2.50 crore, which was irregular and loss to the Company by a big amount. This needs justification. The Company could not recover the amount so far. The reasons for not taking up the matter with higher authorities may be intimated.

The management replied that as per the guidelines the formula for calculating the recovery is Claim paid / Total liability \* Net recovery. Hence the branch has the taken total recovery while calculating the share of the Company from the recovery. The Bank had not taken concurrence of the Company before granting the OTS Proposal. It is also stated that the bank had agreed to the OTS considering several other factors like the delay in settlement from DRT, practical difficulty in disposal of properties etc. The Branch is pursuing the matter regularly. The second wave of Covid-19 had swept the state and our office, shortly after the above letter hence The Branch of the Company was not able to actively follow-up the case as one would have liked. However now since the things are slowly returning to normal, The Branch of the Company has started following up the matter. It was found that the said Bank Branch has merged with its parent Company and the Company has now written to the bank branch with regard to our share of recovery. The Branch of the Company is expecting the reply from the bank shortly. The matter is also taken up with the bank's Local Head Office and a reply in this regard is awaited.

	Further response from the CAG on the
	para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
19.	Part IIB,	Loss to the	The Company has issued a Whole
	Para 4 of	Company in OTS	Turnover Packing Credit Guarantee
	year 2020 -	settlement	(WTPCG) to a Bank. The Bank has
	21.		lodged a claim since one of their
		(Transaction Audit	exporter-client defaulted for principal
		Inspection Report	amount of ₹3,70,88,126/ The exporter
		for a branch of the	had kept the Security deposit with Bank
		Company for the	in form of Primary Securities, Collateral
		period 2018 - 19 &	Securities and Personal Guarantees
		2019 - 20)	amounting to ₹9.76 crore. The
			Company paid the claim of
			₹1,65,50,497/-
			The bank has initiated recovery
			proceeding against the exporter under
			SARFAESI and all other legal actions to
			recover the dues and obtained District
			Magistrate's order for taking physical
			possession of the collateral property
			valued at ₹383.86 lakh. Meanwhile the
			Bank had introduced a One Time
			Settlement scheme "Centenary
			Settlement Scheme" for NPAs above ₹1
			crore up to and including ₹5 crore. As
			per the Bank's letter the total
			outstanding was ₹5,03,65,811.11. The
			Bank stated that the account is eligible
			under the settlement scheme of the

bank. The bank has also calculated the 68.38 percent of the OTS amount as per the scheme. The Company vide email questioned the bank for accepting OTS for ₹295.55 lakh when collaterals worth ₹383.86 lakh is in hand. In reply the bank stated that "the Centenary Settlement Scheme for Doubtful and Loss Assets (CSSDL) running ledger outstanding balance the account is classified in three categories i.e. D1, D2 and D3, wherein settlement amount for secured portion is ranging for 80% to 70% of the total outstanding and settlement amount of unsecured portion is approx. 60% and thus the figure for the final settlement amount is arrived by totaling the secured and unsecured portion of NPA". The bank has therefore accepted the OTS for ₹2,95,55,350.65. The Company has given approval to the OTS proposal with request to remit its share of ₹1,34,41,723.55 at the ratio of claim paid to net Principal amount of outstanding ₹3,61,04,443/-. However, the Company has received ₹40,09,956.04 and ₹21,39,793/-. The bank vide email intimated that the OTS stands cancelled, as the exporter has not paid the amount as per the conditions of the OTS.

Audit observed that The Centenary Settlement Scheme was a scheme of

the bank meant for the OTS settlement of bank's NPA hence the loss under the scheme should have been borne by the bank and not by the Company. Also accepting the OTS proposal at lower amount (₹295.55 lakh) when the bank is having collateral security (₹383.86 lakh) principal outstanding greater than (₹3.61 crore) and wherein the order of DM has been received for taking physical possession of the Property is incorrect and not in the best financial interest of the Company. This needs justification. Further, The Bank should have negotiated the OTS for at least Principal amount outstanding ₹3,61,04,443/- as the Bank is having a Collateral Security of ₹383.86 lakh, so that the Company could also get the full claim amount. Accepting the OTS proposal of lesser amount than the value of Collateral Security has resulted in loss to the Company by ₹31,08,774/-

The Management replied that the property was a common collateral obtained for the sanctioned facilities like Packing Credit, Post Shipment and Term Loan etc. The bank's OTS was for the full loss into consideration, not the packing credit alone. Even though the banks take collateral as security for the loan disbursement, the process of liquidation / selling the property is time

consuming and exhaustive exercise and the realization of sale proceeds depends on external factors like availability of buyer, distress factors, market condition etc. Hence, One Time Settlement (OTS) has been introduced by the lenders within the regulatory framework to encourage quick settlements instead of long & lengthy legal battles in order to bring back the liquidity in the system. The bank's action in accepting the OTS for a lesser value in anticipation of fast recovery was the best viable option at that time and accordingly the Company had also agreed for the OTS. Moreover, the Bank said OTS is now failed and the Hon'ble DRT had authorized the Bank to take possession of the mortgaged property available to the bank for disposal. Even in the failed OTS, the Company has already received its due share of ₹61,49,749/- and further recovery is expected either through sale of assets or through fresh settlement and hence, there is no loss to the Company.

The Company has been informed by the bank that the Bank has declined the second OTS offer of the borrower since the offered amount was not meeting the requirement of the bank. Further the Company has also been informed by

the bank that as on date the Bank has not taken possession of the property. In DRT the last date of hearing was adjourned due to Covid-19. There is no other recovery from any other source as on date. Lending to the borrower is a mutual contract between the bank and the borrower without involvement of the Company. Accordingly, the recovery, if any, is also to be decided by the bank in the light of the contract. Further cover provided by the Company to the bank is not merely on the strength of the collateral but on the overall assessment by the bank on the borrower together with our experience with the bank and taking the cognizance of the robust banking system. In fact, obtention of collaterals and settlements are carried out between the bank and the borrower only and the Company, as an insurer, that too up to the principal outstanding under export facilities only, does not have much saying and cannot influence the settlement. However, it is obligatory on the part of the bank to obtain prior approval of the Company in case of any OTS. Thus, the Company is always having the option to evaluate the OTS proposal and to decide in the best interest of the Company based on the merit of the case. Overall, it is worth to mention that any OTS, implemented so, facilitates early settlement of dues

which will help the bank to boost
recovery in NPA and in turn results into
recovery of the claims paid by the
Company. With the above factual
position, the Company requested the
CAG to drop the Para.
Further response from the CAG on the
para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
20.	Part IIB,	Non-Payment of	Audit observed that the Company
	Para 1 of the	GST on	provides export credit insurance covers
	year 2021-	reinsurance	to Indian exporters and banks in
	22.	commission by the	furtherance of its objective to promote
		Company.	exports from India. The Company is
			registered with Insurance Regulatory
		(Transaction Audit	and Development Authority of India
		Inspection Report	(IRDAI) under General Insurance
		for a branch of the	Category (Miscellaneous). The
		Company for the	Company avails reinsurance support
		period 2020-21)	from national as well as international
			reinsurance companies as a measure
			of risk management. A part of the
			business underwritten by the Company
			is shared (called cession) with the
			reinsurance companies. The reinsurers
			charge proportionate share in premium
			earned by the Company or quote a fixed
			rate depending on the type of
			reinsurance provided. A portion of the
			premium, referred to as ceding
			commission (reinsurance commission),

is retained by the Company. The ceding commission is in the nature of sharing of administrative expenses between the Company and the reinsurer. The total reinsurance commission received by the Company since the inception of GST regime in July 2017 up to March 2021 amounts to ₹191.39 crore. The premium received from the export credit insurance was exempted (June 2017) from Goods and Service Tax (GST) by the Department of Revenue, Ministry of Finance. The GST on reinsurance services was also exempted (January 2018) the by Department of Revenue, Ministry of Finance. Further, under the Service Tax regime, the reinsurance ceding commission was exclusively exempted (April 2010) from the purview of the Service Tax. However, under the GST regime, applicability of GST on the reinsurance commission has not been specifically exempted till date.

Audit observed the following regarding the practice of the Company pertaining to GST on reinsurance commission. The Company was not paying GST on reinsurance commission received since the commencement of GST regime in July 2017. Further, it was observed that the Company had adopted the practice without obtaining any expert opinion from GST Consultant/expert/Chartered

Accountant on the issue of applicability of GST on reinsurance commission. Despite the lack of any specific exemption towards the applicability of GST on reinsurance commission by GST authorities, the Company adopted and has continued till date with its practice of not paying GST reinsurance commission based on the that the reason reinsurance commission received by insurance companies was exempted from the purview of service tax under the erstwhile service tax regime as no service was provided by insurer to the reinsurer. However, exemption of a service from the purview of erstwhile service tax regime does not imply that the service would automatically qualify for exemption under GST regime. The same is also evident from the fact that the Statutory Auditor of the Company had opined that exemption reinsurance commission from purview of service tax under the erstwhile service tax regime, may not automatically accepted by authorities and further advised to obtain clarification from the GST council. Taking this into consideration along with the fact that the Company had not obtained any expert opinion on this issue, the practice of the Company for

not paying GST on reinsurance commission lacked justification.

The Company requested the Department of Commerce for obtaining clarification from The Ministry Finance on the issue of GST exemption ceding commission paid reinsurers to insurers. It was observed that the Company sought clarification only after the advice to obtain such clarification was advised by Statutory Auditor. Thus, the Company did not even attempt to obtain any clarification from the GST authorities over the period of 4 years since the inception of GST regime in July 2017 and continued the practice of not paying **GST** on reinsurance commission without any clarification / exemption.

The Management replied that the Company is complying with all its GST compliances since the inception of the GST regime in July 2017. The Company has completed its GST audit from FY 2017-18 to FY 2020-21 without any major observations. The Company has obtained an opinion from a GST consultant/Chartered Accountant on 27.10.2021 after receiving a query from the Statutory Auditors. The expert opinion indicates that commission on reinsurance ceded is not liable to tax

under GST. The General Insurance Council (GIC), the nodal agency has already taken up this issue and the Company has separately requested 2021) Department (December Commerce for obtaining clarification from The Ministry of Finance on the issue of GST exemption on ceding commission paid by reinsurers to insurers. The Company is continuously following up with its parent Ministry to obtain the clarification on applicability on the reinsurance ceding commission paid by reinsurers to insurers, from the Ministry of Finance. Since applicability of service tax was waived off during the Service Tax regime and nodal agency of General Insurance was following up for the clarifications, the Company was not paying GST on ceding commission. Further response from the CAG on the para is awaited as on 31.03.2022.

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
21.	Part IIB,	Inordinate delay in	The Company entered (June 2016) into
	Para 2 of the	completion of	Memorandum of Understanding (MoU)
	year 2021 -	construction of	with Central Public works Department
	22.	Corporate Office	(CPWD) for construction of corporate
		building	office building on turnkey basis at
			village Gundavali, M.V. Road Andheri
			(East) Mumbai. The Company

Inspection Report | administrative Company for the period 2020 - 21)

(Transaction Audit | conveyed (June 2016) to CPWD its approval and for a branch of The | expenditure sanction for ₹111.24 crore. CPWD had awarded (February 2017) the contract for construction of office building to M/s. SAM India Builtwell Private Ltd. As per the clause 9 of MoU, CPWD was to complete work within 26 months from date of signing of MoU or submission of tender documents by the Project Architect, whichever is later. In the instant case, even by taking the completion period of 26 months from award of work by CPWD in February 2017, the work should have been completed by March 2019. However, the building work has not been completed as on date (January 2022) by CPWD. The Company has released an amount of ₹111.24 crore to CPWD up to December 2021.

> As per the MoU entered by the Company with CPWD, there is no provision for of recovery penalty/damages from CPWD for delay in completion of the work. Company has taken on rent premises at Express Towers and Dalamal House at Nariman point. The rent paid for the aforesaid rented premises for the year 2020-21 was ₹7.98 crore. Thus, due to inordinate delay **CPWD** by completing the work entrusted to them,

the Company had to incur avoidable expenditure of ₹7.98 crore towards rent for rented premises.

Management replied that the main reasons for delay was in receipt of duly vetted IIT Architectural. structural. conceptual drawing, Covid 19 situation and shifting of location of data centre. CPWD has withheld an amount of ₹284.64 lakh of the Contractor for the delay in achievement of the milestone. As reported by CPWD most of the work has been completed and the final finishing work is in progress. The process for obtaining the Occupation Certificate (OC) from MCGM has been initiated and some of the major OC compliances (like Structural stability certificate, Lifts certificate, Set back handing over to MCGM, Sewerage connection with municipal lane, Carriage entrance, GVK verification, Water proofing pond test, Storm water drain remark, Drainage completion certificate. Rain water harvesting, Vermiculture bins, No dues certificate, Smoke test, Zero waste u/t, etc.) have been received for the project. However, there are a few more OC compliances viz. Chief Fire Officer's NOC, NOC from Suptd. Of Gardens, etc. which are in the process and it may take one- or twomonths' get OC time to the

		compliances. After receiving the above
		from MCGM, the process for other
		statutory compliances will be initiated
		for the shifting of office. In view of the
		above the Company requests the CAG
		to kindly drop the subject Para.
		Further response from the CAG on the
		para is awaited as on 31.03.2022.
1		

S.	Name of the	Brief of the Para	Reporting Status
No.	Audit Para		
22.	Part IIB,	Non-monitoring of	Audit observed that as per the Master
	Para 3 of the	recovery towards	Manual for processing of claims, the
	year 2021 -	claims settled by	Company may decide to take recovery
	22.	the Company.	action on its own in some cases after
			obtaining the necessary mandate from
			the Policyholders. Further, in other
		(Transaction Audit	cases, the Company will be advising the
		Inspection Report	Policyholder to take appropriate action
		for a branch of the	to effect recovery through a debt
		Company for the	collection agent and filing a suit against
		period 2020 - 21)	the buyer, if advised by such agent. As
			and when any amount is recovered in a
			case where the Company had settled a
			claim, the amount would be shared with
			the Company in the same proportion in
			which the loss was borne.
			Audit observed that the recovery in
			Policy and ECIB business as of
			December 2021 was only ₹1296.23
			crore as against the total claim payment
			of ₹11730.87 crore up to December

2021. Further, it may also be seen that as of December 2021, recovery in Policy segment was only 5.15 per cent whereas recovery in ECIB segment was only 12.66 percent. In view of the fact that recoveries to the tune of ₹10423.54 crore was still pending as of December 2021, the process of recoveries of claims paid by the Company was not commensurate with the claims paid by the Company.

Audit further observed the following with regard to the recovery efforts towards the claims paid by the Company:

The recovery efforts of the Company were mainly driven by the actions indicated in the policy documents / ECIB bond for the policyholder and the master manual for processing of claims of the Company. However, it was observed that the Company had not formulated any Standard Operating Procedure to be adopted at branch / Head Office level for effecting and following-up on recovery of claims settled as well as sharing of amounts recovered by the policyholders/banks. Thus, the Company had not put in place an appropriate system to minimize moral hazard on account of banks / policyholders and to ensure that

concerted efforts are being made by the policyholders / banks on a regular basis for recovering the amounts lost.

The branches of the Company do not independent have an recovery Further, officer department. the responsible for claim settlement at branch level was also responsible for recovery work and coordination with exporter, Debt Collection Agency and banks. Thus, neither separate recovery department was established at branch level nor separate manpower was deployed at branch level at any of the branches of the Company to put in concerted efforts towards recovery from the policyholders, banks and defaulting buyers in foreign countries. As per the latest post inspection / internal audit reports of the Company's branches, the observations with respect to recovery in these branches mainly stated the amount recovered during the period of such audit, recovery reminders sent by branches, preparation of notes and the processing such recoveries. of However, the internal audit reports of these branches had not made any assessment regarding the adequacy and efficacy of the recoveries at the branch level.

The Company branches were sending mails / letters to the exporters and bankers to whom the claims were paid. Further, visits were also conducted to these exporters and banks by the Company officials so as to obtain latest updates on recoveries against the claims paid. Audit scrutinized the recovery data of 10 claims on sample basis wherein it was observed that date of recovery by banks / policyholders was not available in seven claims. Further, in six claims, it was stated by the Company that the date was not provided by the banks. Thus, the Company had not established any tracking mechanism under which it would be automatically informed / intimated of the remittance recoveries by the defaulting buyers / liquidators / administrations / agencies directly to the policyholders / banks. In the absence of any such mechanism, the Company would not be in a position to assess whether the recoveries have made the been bv concerned policyholders / banks and also to evaluate that the recoveries, if any, received by the policyholders / banks are remitted to the Company in a timely manner.

Thus, the recovery mechanism put in place by the Company was not

adequate to ensure minimization of moral hazard of banks / policyholder and to ensure that concerted efforts are being made by the policyholders / banks on a regular basis for recovering the amounts lost. Further, the Company also needs to step up its efforts for recovery by enhancing manpower concerted efforts so as to ensure its long run sustenance without additional assistance from the Government in the future.

The audit observed that with a tracking system the Company would be in a position to assess whether the recoveries have been made by the concerned policyholders/banks also to evaluate that the recoveries, if received the by any, policyholders/banks are remitted to the Company in a timely manner. The status of recoveries, advice given to Internal Audit Department to include the points regarding adequacy and efficacy of recoveries at BO level in their scope of Audit, development of tracking system may be intimated to Audit.

Management replied that under Policy at the default stage, i.e. if the buyer has not paid his dues to the Policy Holder (PH) on the due date, the PH reports default to the Company as per the

extant guidelines. On the basis of that the Company advises the PH that recovery action against the buyer be taken through Debt Collecting Agency (DCA) empaneled by the Company or legal action as the case may be as decided by the competent authority. The PH has the option of pursuing action on their own independent of the empaneled DCA or Legal action. The PH has to make agreement with DCA to start recovery action against the buyer DCA starts recovery action immediately after the agreement is signed with PH and he updates the status through email to the PH and the Company, from time to time. Sometimes the DCA advises, for legal action if the buyer is not ready for an amicable settlement. The DCA also advises the PH and the Company the possible costs and possibility and probability of the legal process. Based on the possible costs and the probability of winning and possibility of enforcing any decree, the PH takes a call on pursuing the legal option. From our experience it is observed that the legal expenses are much higher as compared to the loss incurred and the claims settled, in most of the cases. It is also observed that in quite a few cases in western Europe and North America the buyers who had defaulted due to fiscal stress file for

insolvency and the chances of recovery are minimal.

Under ECIB the bank starts recovery action against the exporter when the advances released to the exporter becomes default as per banks' sanction conditions, internal guidelines and RBI guidelines. The reason for the default might be insolvency of the borrower exporter, the failure to execute export orders and inability to liquidate the dues by Local sources or non-receipt of dues from the buyer and inability to liquidate dues etc. The Banks typically resort to SARFAESI and lately resorting to proceeding under the IBC to effect recovery. The other methods for effecting the recoveries pursued by the banks are One Time Settlement (OTS) as per the RBI guidelines and through securitization of debt by sale of bad debt portfolios to ARC. On receipt of funds in any of the methods, the same is to be shared with the Company on the same proportion in which the claim was settled.

Normally in branches the officer who processes the claim does the recovery process also. Since the number of claims paid and pending for recovery is lesser/minimal However, wherever the claim paid cases are high, an additional

officer will be posted for recovery follow up, in addition to other works. The official sends regular letters to the exporter and banker requesting them to share the details of recovery received if any, of recovery of claim paid and on receipt of proposal from the exporter or banker he computes the recovery share and follow-up for the supporting documents and the recovery proceeds. He coordinates with the exporter banker as well as with the DCA for recovery receipt from buyer under policy and exporter under ECIB. In addition to the above, the list of paid claims and pending for recovery is being shared with our field officer (FO) and he visits the exporter and banker regularly for recovery follow-up. As advised / suggested by Audit (the CAG) the Company shall advise the Internal Audit department to include the points regarding adequacy and efficacy of recoveries at BO Level in their scope of Audit.

After payment of claim to PH and bank under Policy and ECIB respectively, the Company's branch follows up with PH and banks for latest position of recovery regularly and on receipt of any recovery proposal either from PH or from bank an official works out the recovery share to be shared with the Company and informs them to remit it immediately. As

regards to the tracking system etc. the recovery under policy is mostly received through DCA as explained in para above. The DCA updates the recovery position to the Company and on receipt of the same an official follows up with PH and receive our share of recovery. With regard to recovery from the bank, the bank is having their own mechanism to recover the dues, and on receipt of the recovery the Company gets their share as per the terms and condition of ECIB cover issued to the bank. Bank has to remit the recovery share within 7 days from the receipt of the recovery otherwise, the normal bank interest will be levied on the recovery. In view of the above the Company requests the CAG to kindly drop the subject Para.

Further response from the CAG on the para is awaited as on 31.03.2022.

#### **RIGHT TO INFORMATION (RTI)**

The Company has an RTI Cell situated at the Head Office in Mumbai which is headed by an Assistant General Manager. The First Appellate Authority (FAA) at the Head Office in Mumbai is headed by a Deputy General Manager. The applications received under the RTI Act are responded as and when received within the timeline permitted under the RTI Act. The report of number of applications handled is updated on the Central Information Commission's (CIC) website on quarterly basis. A total of 184 applications were handled during the FY 2021-22. The Company has complied with all the regulatory requirements in respect of the RTI applications received.

Annexure V

#### Representation of Persons with Disabilities in the Services of the Company as of 31/03/2022

	Data of persons with disabilities in ECGC				Total
Group	VI	ні	OC 4th Category		VI+ HI+OC + 4th Category
Α	3	1	5	0	9
В	2	3	2	1	8
С	0	0	0	0	0
D	1	0	0	0	1
Total	6	4	7	1	18

VI	Visually Impaired
HI	Hearing Impaired
OC	Orthopaedically Challenged
4th Category	(i) On a sife Languiga Disability (OLD) an Multiple
	(i) Specific Learning Disability (SLD) or Multiple disabilities including VI, HI, OC and 4th Category

#### **Annexure VI**

## Representation of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Economically Weaker Section pertaining to recruitment in the Company 2021-22

ECGC Ltd. Group	Total no of Employees recruited	No. of SC Employees recruited	No. of ST Employees recruited	No. of OBC Employees recruited	No. of EWS Employees recruited
Group A	0	0	0	0	0
Group B	59	9	3	16	5
Group C	6	0	0	1	0
Group D	0	0	0	0	0
TOTAL	65	9	3	17	5

Note: (i) Recruitment examination has been conducted for Group B cadre in FY 2021-22 and 59 candidates were recruited as Probationary Officers.

<sup>(</sup>ii) Six candidates were appointed under Scheme of Compassionate Appointment under Group C cadre.

Representation of Scheduled Castes/ Scheduled Tribes/Other

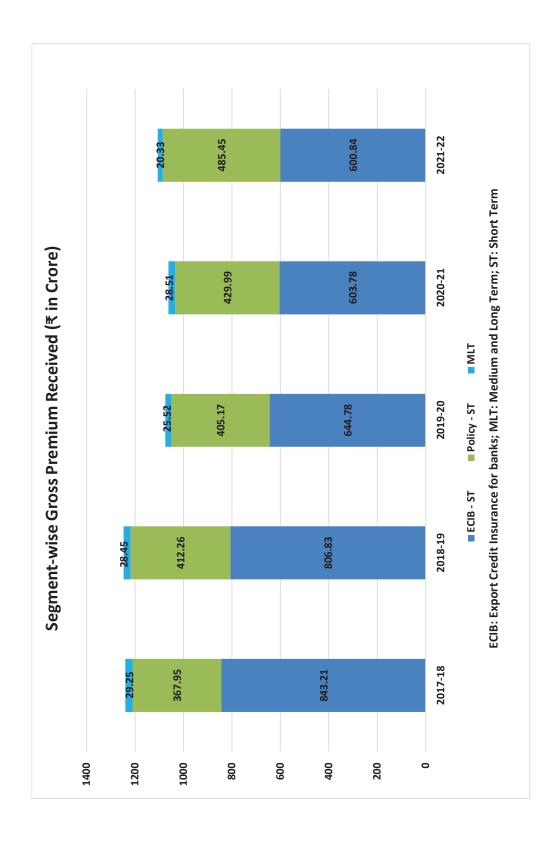
Backward Classes in the Company's workforce as on 31/03/2022

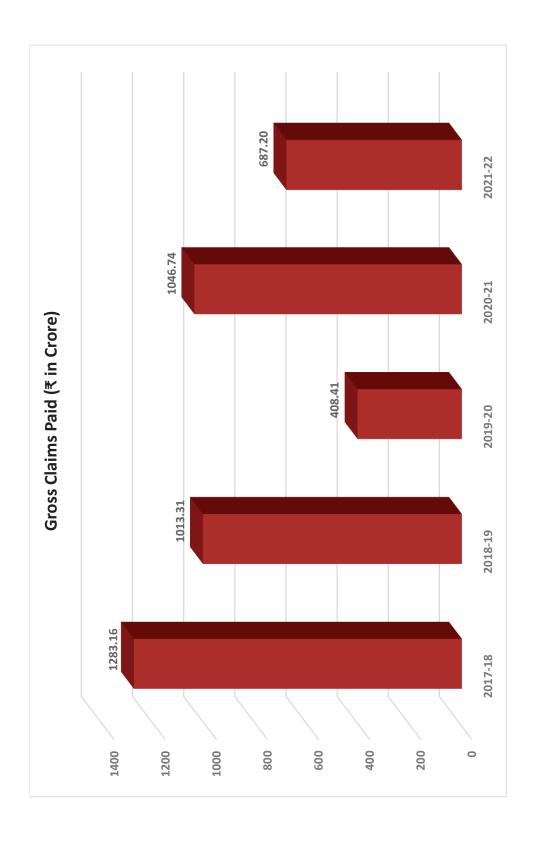
**Annexure VII** 

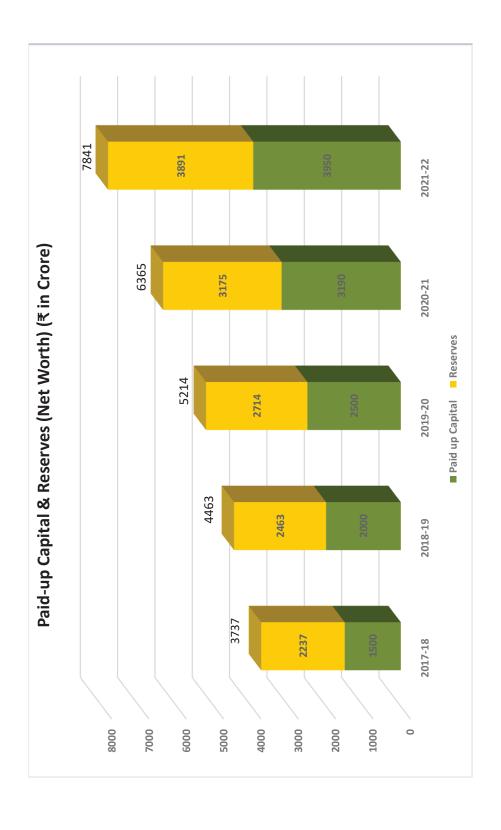
Group	Total Number of Employ ees	No. of SC Employ ees	% of SC employ ees	No. of ST Employ ees	% Of ST employ ees	No. of OBC Employ ees	% of OBC employees
Group A	261	47	18%	19	7%	61	23%
Group B	283	51	18%	20	7%	74	26%
Group C	20	3	15%	3	15%	2	10%
Group D	5	1	20%	0	0%	1	20%
TOTAL	569	102	18%	42	7%	138	24%

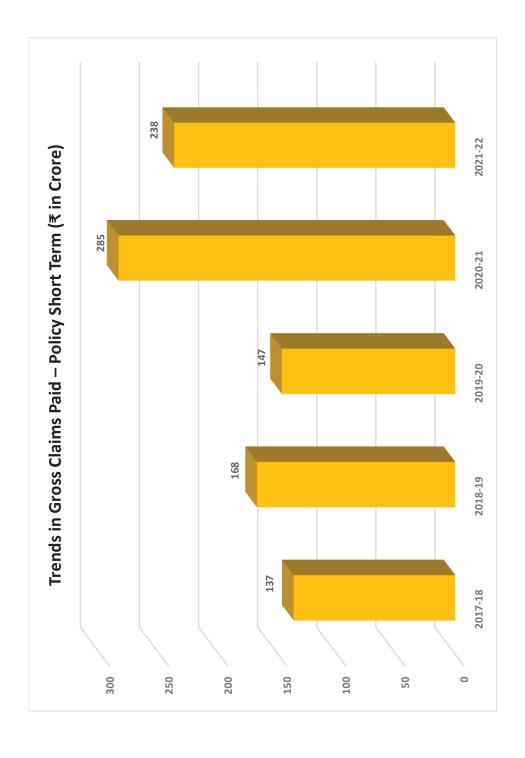
### कारोबार निष्पादन रेखाचित्र

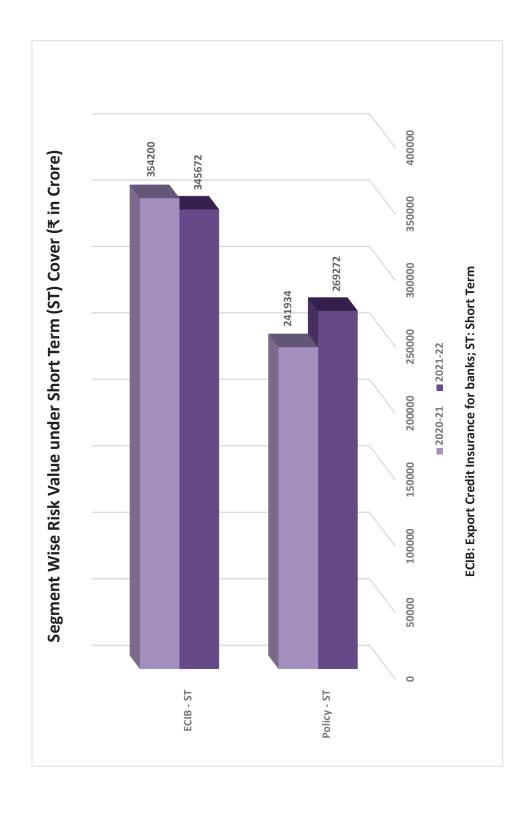
Business Performance Graphs

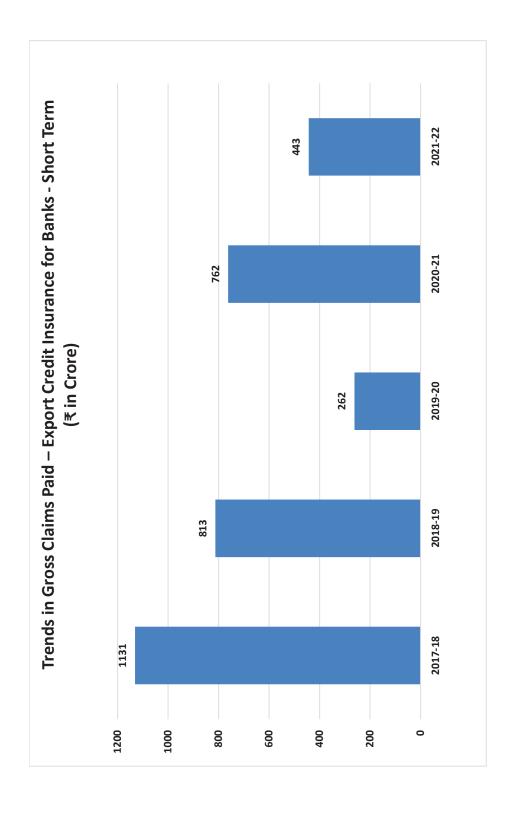




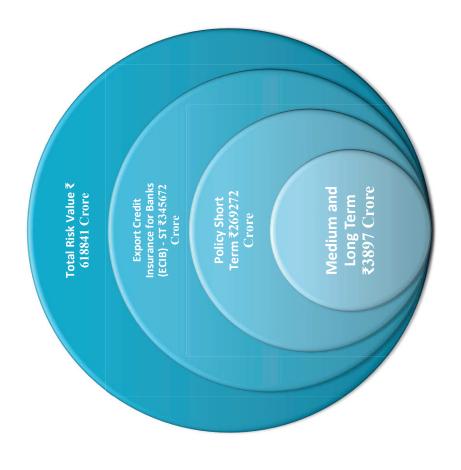


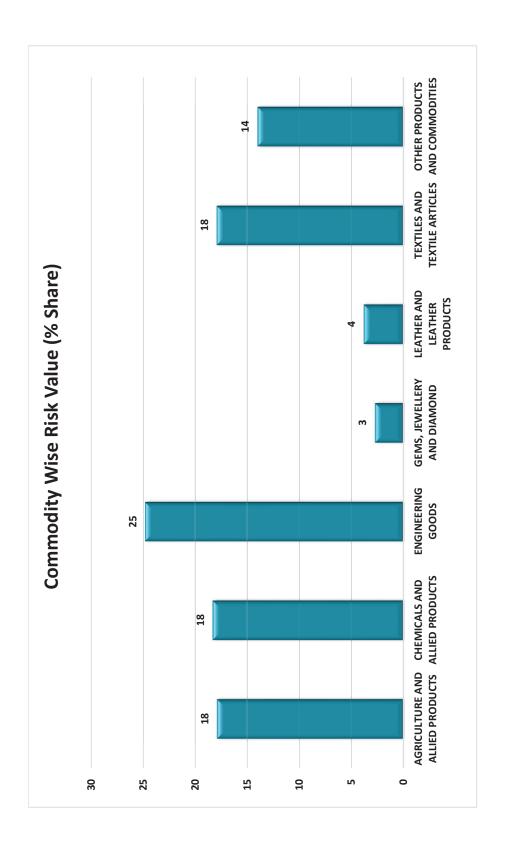


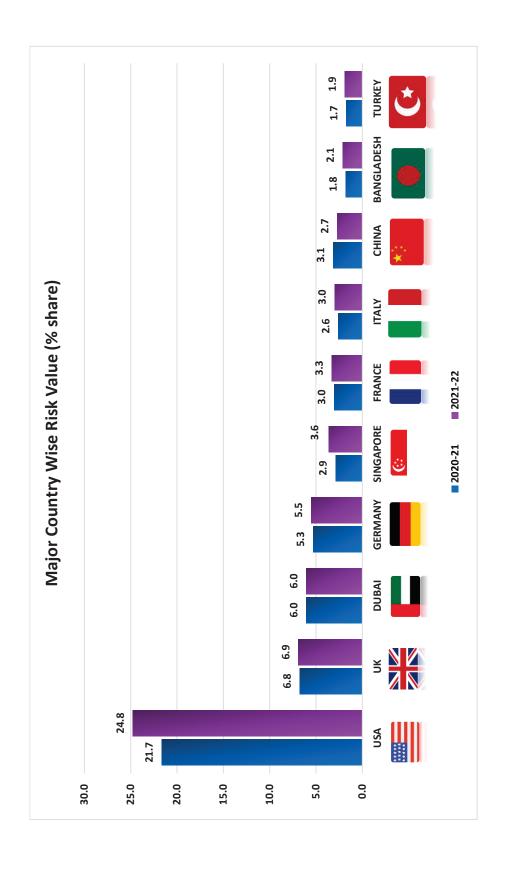


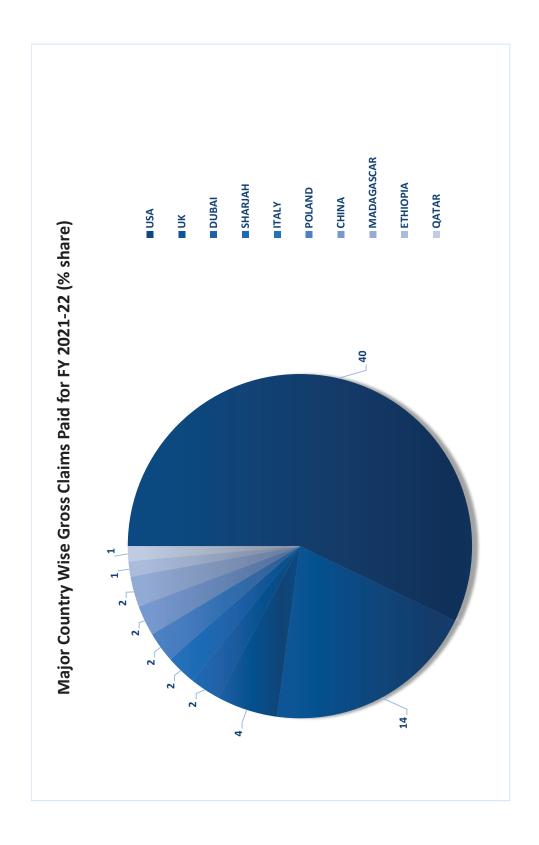


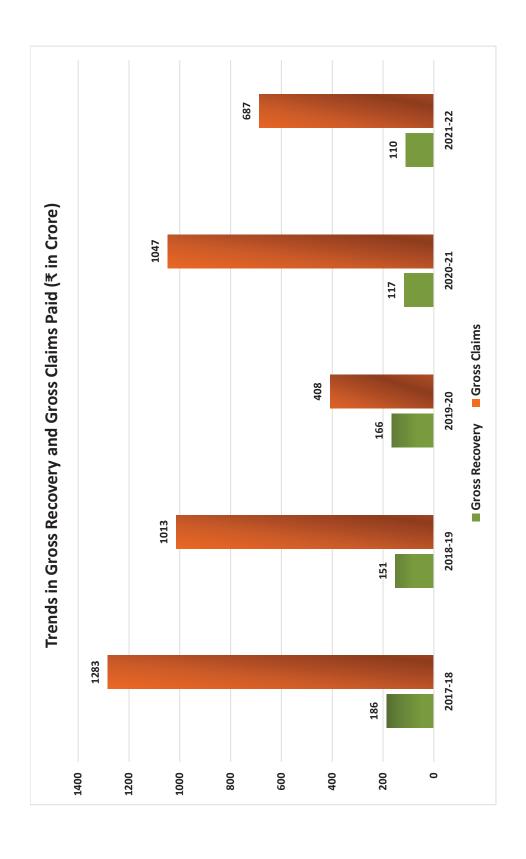
Value of Risk Covered during 2021-22

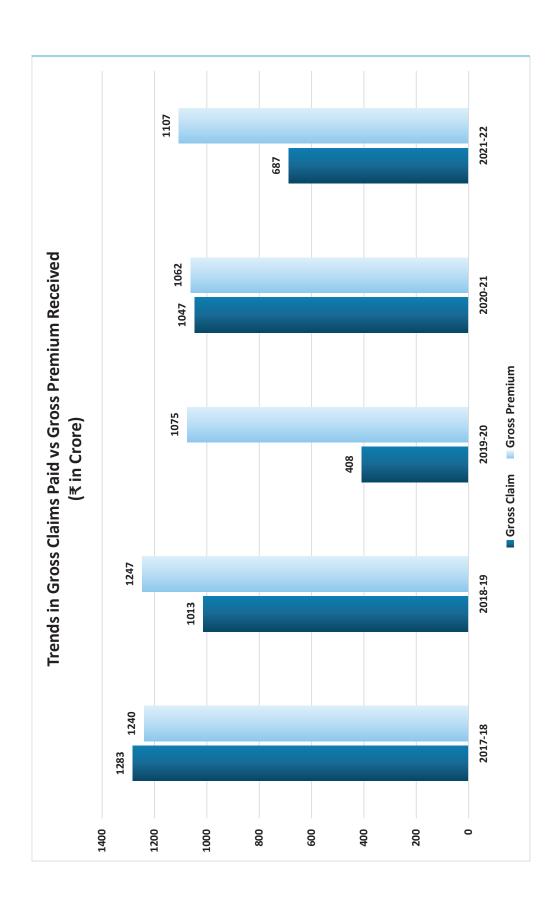












# Part B

# वित्तीय विवरण Financial Statements

#### **Certificate on Financial Statements**

This is to certify that the financial statements of the company for the year ended 31<sup>st</sup> March, 2022 placed before the Board of Directors for adoption and approval do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

(Nirdosh Chopra) Chief Financial Officer (M Senthilnathan) Chairman-cum-Managing-Director

Place: Mumbai

Date : 25<sup>th</sup> May, 2022

#### FORM B - BS ECGC Limited

#### CIN: U74999MH1957GOI010918

Registration No. 124

Date of Registration: 27th September, 2002

#### **BALANCE SHEET AS AT 31ST MARCH 2022**

Particulars	Schedule	Current Year Audited (₹'000)	Previous Year Audited (₹'000)
I. SOURCES OF FUNDS			
Share Capital	5	3950,00,00.00	3190,00,00.00
Reserves and Surplus	6	3890,88,49.12	3175,22,29.27
Fair Value Change Account - Shareholder		311,87,02.01	276,04,67.00
Fair Value Change Account - Policyholder		381,17,46.89	365,92,24.23
Borrowings	7	-	-
Deferred Tax Liability		-	-
Total		8533,92,98.02	7007,19,20.50
II. APPLICATION OF FUNDS			
Investments - Shareholder	8	6086,96,16.11	5347,30,07.86
Investments - Policyholder	8A	7439,61,97.47	7088,28,24.32
Loans	9	-	-
Fixed Assets	10	326,53,19.69	303,63,70.76
Deferred Tax Assets		43,88,90.87	44,24,70.76
Current Assets		, ,	, ,
Cash and Bank Balances	11	1980,35,51.53	1551,46,00.97
Advances and Other Assets	12	1052,35,47.40	968,67,46.93
Sub Total (A)		3032,70,98.93	2520,13,47.90
Current Liabilities	13	7440,37,09.63	7354,55,68.58
Provisions	14	955,41,15.42	941,85,32.52
Sub Total (B)	14	8395,78,25.05	8296,41,01.10
		, ,	· · ·
Net Current Assets ( C )= (A-B)		(5363,07,26.12)	(5776,27,53.20)
Miscellaneous Expenditure	15	-	-
(to the extent not written off or adjusted)			
Debit Balance in Profit & Loss Account		-	-
TOTAL		8533,92,98.02	7007,19,20.50

SIGNIFICANT ACCOUNTING POLICIES 16
NOTES FORMING PART OF ACCOUNTS 17

#### (M SENTHILNATHAN)

Chairman cum Managing Director DIN - 07376766

#### (DEVESH SRIVASTAVA)

 $\begin{array}{c} Director \\ DIN-08646006 \end{array}$ 

(A SAKTHIVEL) (AMIT KUMAR AGARWAL) (PRATIBHA KUSHWAHA)

 Director
 Director
 Director

 DIN - 00027485
 DIN - 05333909
 DIN - 09395541

(SUNIL JOSHI) (NIRDOSH CHOPRA) (SMITA PANDIT)
Executive Director Chief Financial Officer Company Secretary

As per our report of even date attached

DIN - 08778530

#### For abm & associates LLP

Chartered Accountants
Firm Registration No. 105016W/W-100015

#### For SNK & Co.

Chartered Accountants Firm Registration No. 109176W

(ANIL CHIKODI)

Partner - M.No. 107659 Pune (ANKIT D. DANAWALA) Partner - M.No. 119972

Place: Mumbai Dated: 25th May, 2022

#### FORM B-RA **ECGC Limited**

CIN: U74999MH1957GOI010918

Date of Registration: 27th September,2002 Registration No. 124

#### REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

	Particulars	Schedule	Current Period	Previous Period
			Audited	Audited
		-	(₹'000)	(₹'000)
1	Premiums earned (Net)	1	882,16,36.22	827,30,63.57
2	Profit on Sale/Redemption of Investment		67,61,43.47	108,92,91.45
3	Loss on Sale/Redemption of Investment		-	(30,25,69.93)
4	Others			
	- Fee		1,36,13.14	92,07.61
	- Miscellaneous Income		95,52.89	9,59.10
	- Profit on Sale of Asset		74,46.41	9,07.89
5	Interest, Dividend & Rent - Gross		532,13,84.24	498,42,64.58
	TOTAL (A)		1484,97,76.37	1405,51,24.27
1	Claims Incurred (Net)	2	546,19,29.35	884,52,05.49
2	Commission	3	(31,37,84.39)	(26,19,85.99)
3	Operating Expenses related to Insurance Business	4	281,51,56.59	270,92,57.55
4	Others			
	- Premium Deficiency		(8,02,00.00)	106,24,00.00
	- Expenses towards Investments		11,97,43.10	10,92,75.81
	- Provision, Write Off - Investments		(18,75.48)	-
	TOTAL (B)		800,09,69.17	1246,41,52.86
	Operating Profit/(Loss) from Miscellaneous Business C=(A-B)		684,88,07.20	159,09,71.41
	APPROPRIATIONS			
	Transfer to Shareholder's Account		684,88,07.20	159,09,71.41
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves		-	-
	TOTAL (C)		684,88,07.20	159,09,71.41

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and as far as it appears from our examination of Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of the Export Credit Insurance Business have been fully debited to the Revenue Account as expenses.

#### (M SENTHILNATHAN)

Chairman cum Managing Director DIN - 07376766

#### (DEVESH SRIVASTAVA)

Director DIN - 08646006

(A SAKTHIVEL) (AMIT KUMAR AGARWAL) (PRATIBHA KUSHWAHA) Director Director Director

DIN - 00027485 DIN - 05333909 DIN I 09395541

(NIRDOSH CHOPRA) (SUNIL JOSHI) (SMITA PANDIT) Executive Director Chief Financial Officer Company Secretary

DIN - 08778530

As per our report of even date attached

For abm & associates LLP

Chartered Accountants Firm Registration No. 105016W/W-100015 For SNK & Co.

Chartered Accountants Firm Registration No. 109176W

(ANIL CHIKODI)

Partner - M.No. 107659

Pune

Place : Mumbai Dated: 25th May, 2022 (ANKIT D. DANAWALA) Partner - M.No. 119972

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#### FORM B-PL ECGC Limited

CIN: U74999MH1957GOI010918 Registration No. 124

Registration No. 124 Date of Registration: 27th September, 2002

#### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

	Particulars	Schedule	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	OPERATING PROFIT/(LOSS)  (a) Fire Insurance  (b) Marine Insurance		-	- -
	(c) Miscellaneous Insurance		684,88,07.20	159,09,71.41
2	INCOME FROM INVESTMENTS (a) Interest, Dividend & Rent -Gross (b) Profit on Sale of Investments Less: Loss on Sale of Investments		435,38,59.84 55,32,08.29	376,00,59.24 82,17,46.18 (22,82,54.51)
3	OTHER INCOME  (a) NEIA Income  (b) Rent & Other receipts  (c) Other Interest Income  (d) Other Miscellaneous Income and Factoring Income		2,81,42.42 17,42.99 1,36,31.44 2,58,60.00	2,65,29.75 18,32.03 1,52,22.60 1,30,22.49
	TOTAL (A)		1182,52,52.18	600,11,29.19
4	PROVISIONS (Other than Taxation) (a) For diminution in the value of investments (b) Provision, Write Off - Investments		(15,34.48) - 35.60	(30.80)
5	OTHER EXPENSES  (a) Expenses other than those related to Insurance Business - Expenses towards Investments - Expenses towards Corporate Social Responsibility - Miscellaneous Expense  (b) Others - Factoring expenses		9,79,71.62 11,90,09.34 11,25.42 1.26	8,24,36.14 3,77,53.48 (0.05)
	TOTAL (B)	•	21,66,08.76	12,01,58.77
	Profit Before Tax (A - B)		1160,86,43.42	588,09,70.42
	Less: (a) Provision for Taxation - Deferred Tax - Current Tax (b) Prior Period Adjustments (c) Tax Adjustments - Earlier years		35,79.89 255,00,00.00 29,84,55.51 49,88.17	(2,95,89.55) 127,00,00.00 5,44,88.94 (1,69,77.93)
	Profit available for appropriation		875,16,19.85	460,30,48.96

#### FORM B-PL ECGC Limited

CIN: U74999MH1957GOI010918

Registration No. 124 Date of Registration: 27th September, 2002

#### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	Schedule	Current Period	Previous Period
		Audited (₹ '000)	Audited (₹ '000)
APPROPRIATIONS			
(a) Interim Dividends Paid During the Year		-	-
(b) Dividend Distribution Tax on Interim Dividend		-	-
(c) Proposed Final Dividend		-	-
(d) Dividend Distribution Tax on Proposed Dividend		-	-
(e) Transfer to Reserve for Factoring Scheme		-	-
(f) Transfer to General Reserve		598,66,19.85	300,80,48.96
Balance of profit/loss brought forward from last year		-	-
Balance carried forward to Balance Sheet		276,50,00.00	159,50,00.00

(M SENTHILNATHAN)

(DEVESH SRIVASTAVA)
Director
DIN - 08646006

Chairman cum Managing Director DIN - 07376766

(AMIT KUMAR AGARWAL)

(PRATIBHA KUSHWAHA)

Director DIN I 09395541

Director DIN - 00027485

(A SAKTHIVEL)

Director DIN - 05333909

(SUNIL JOSHI) Executive Director DIN - 08778530 (NIRDOSH CHOPRA) Chief Financial Officer (SMITA PANDIT)
Company Secretary

As per our report of even date attached

For abm & associates LLP

Chartered Accountants

Firm Registration No. 105016W/W-100015

For SNK & Co.

Chartered Accountants Firm Registration No. 109176W

(ANIL CHIKODI) Partner - M.No. 107659

Pune

(ANKIT D. DANAWALA) Partner - M.No. 119972

Place: Mumbai Dated: 25th May, 2022

#### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE -1 PREMIUM EARNED (NET)

Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
Premium from Direct Business Written Add: Premium on Reinsurance Accepted Less: Premium on Reinsurance Ceded	1106,61,67.81 - 204,61,27.27	-
Net Premium	902,00,40.54	862,32,31.91
Adjustment for change in Reserve for Unexpired Risks	(19,84,04.32)	(35,01,68.34)
Total Premium Earned (Net)	882,16,36.22	827,30,63.57

SCHEDULE -2 CLAIMS INCURRED (NET)

Particulars		Current Period Audited (₹'000)	Previous Period Audited (₹'000)
Claims Paid			
Direct		687,20,43.27	1046,74,05.69
Add: Reinsurance accepted		-	-
Less : Reinsurance ceded		182,93,54.59	290,65,78.9
Less:			
Recovered during the year	109,97,13.90		117,46,79.6
Add: Interest received on Recovery of Claims Paid	23,47.71		24,51.7
Less: Share of reinsurer	44,49,90.14		34,97,37.0
	65,70,71.47	65,70,71.47	82,73,94.3
Net Claims paid ( A )		438,56,17.21	673,34,32.4
Add: Claims Outstanding at the end of the year (net of reinsurance)		6992,96,58.43	6885,34,79.9
Minus provision for recovery (net of reinsurance)		-	1,33.6
(B)		6992,96,58.43	6885,33,46.2
Less: Claims Outstanding at the beginning (net of reinsurance)		6885,34,79.90	6674,15,73.2
Minus Provision for recovery (net of reinsurance)		1,33.61	-
(C)		6885,33,46.29	6674,15,73.2
• •			
Total Claims Incurred (A + B - C)		546,19,29.35	884,52,05.4

#### SCHEDULE -3 COMMISSION

Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
Commission Paid		
Direct	13,45,84.63	11,28,78.42
TOTAL (A)	13,45,84.63	
		, ,,,,,
Add: Commission on Reinsurance Accepted	-	-
Less: Commission on Re-insurance Ceded	44,83,69.02	37,48,64.41
Net Commission	(31,37,84.39)	(26,19,85.99)
Note: The profit/commission, if any are to be combined with the Re-ins	surance accepted or Re-insurance of	eded figures.
Break-up of the expenses (Gross) incurred to procure business to be fu	rnished as per details indicated bel	ow:
Agents	-	-
Brokers	13,45,83.39	11,18,54.07
Corporate Agency	1.24	10,24.35
Others (pl. specify)	-	-
TOTAL (B)	13,45,84.63	11,28,78.42
Note: Total (A) and (B) above should tally.		

SCHEDULE -4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

		Current Period	Previous Period
	Particulars	Audited	Audited
		(₹'000)	(₹'000)
1	Employees' Remuneration and Welfare benefits	176,69,37.71	172,37,03.13
2	Travel, Conveyance and Vehicle running expenses	9,21,48.00	5,79,50.57
3	Training expenses	38,23.51	15,11.27
4	Rent, Rates & Taxes	27,36,04.27	26,54,00.75
5	Repairs	22,58,74.46	20,74,45.21
6	Printing & Stationery	1,72,48.96	1,62,77.84
7	Communication	1,18,23.07	1,07,84.81
8	Legal & Professional charges	9,28,65.06	7,00,60.92
9	Auditors' fees, expenses etc.		
	(a) As auditor	79,24.41	70,27.08
	(b) As adviser or in any other capacity, in respect of		
	(i) Taxation matters	14,82.16	15,23.30
	(ii) Insurance matters	-	-
	(iii) Management services	-	-
	(c) In any other capacity	70,90.46	65,00.27
10	Advertisement and Publicity	5,87,71.72	5,10,39.78
11	Interest and Bank Charges	5,96.44	5,29.56
12	Others - Miscellaneous Expenses and Other Expenses	18,79,37.12	22,29,34.76
13	Depreciation	6,70,29.24	6,65,68.30
	TOTAL	281,51,56.59	270,92,57.55

#### SCHEDULE -5 SHARE CAPITAL

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹¹000)
1	Authorised Capital		
_	50,00,00,000 Equity Shares of Rs. 100 each	5000,00,00.00	5000,00,00.00
	(Previous Period 50,00,00,000 Equity Shares of Rs. 100 each)		
2	Issued Capital		
	3950,00,000 Equity Shares of Rs. 100 each	3950,00,00.00	3190,00,00.00
	(Previous Period 31,90,00,000 Equity Shares of Rs 100 each)		
3	Subscribed Capital	3950,00,00.00	3190,00,00.00
	3950,00,000 Equity Shares of Rs. 100 each		
	(Previous Period 31,90,00,000 Equity Shares of Rs 100 each)		
4	Called up & Paid up Capital	3950,00,00.00	3190,00,00.00
	3950,00,000 Equity Shares of Rs. 100 each		
	(Previous Period 31,90,00,000 Equity Shares of Rs 100 each)		
	Add: Equity Shares forfeited (Amount originally paid up)	-	-
	Less : Par Value of Equity Shares bought back	-	-
	Less : Preliminary Expenses	-	-
	Expenses including commission or brokerage	-	-
	on Underwriting or subscription of shares	-	-
	TOTAL	3950,00,00.00	3190,00,00.00

#### SCHEDULE -5 A PATTERN OF SHAREHOLDING (As Certified by the Management)

Shareholder	Current Period		Previous Period	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoters				
Indian				
President of India & His Nominees	395,000,000	100.00	319,000,000	100.00
Foreign	-	-	-	-
Others	-	-	-	-
Total	395,000,000	100.00	319,000,000	100.00

SCHEDULE -6 RESERVES AND SURPLUS

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	-	-
4	General Reserve - Opening Balance	2955,72,29.27	2654,91,80.31
	Additions during year	598,66,19.85	300,80,48.96
		3554,38,49.12	2955,72,29.27
	Deduction during year	-	-
		3554,38,49.12	2955,72,29.27
5	Catastrophe Reserve	-	-
6	Factoring Scheme Reserve	60,00,00.00	60,00,00.00
7	Balance in Profit & Loss Account	276,50,00.00	159,50,00.00
	TOTAL	3890,88,49.12	3175,22,29.27

#### SCHEDULE -7 BORROWINGS

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1 2 3 4	Debentures/Bonds Banks Financial Institutions Others		
	TOTAL	-	-

SCHEDULE -8 INVESTMENTS (SHAREHOLDER)

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills	2454,47,86.57	1850,83,62.33
2	Other approved Securities	209,80,57.95	182,65,04.89
3	Other Investments		. ,,.
	(a) Shares		
	(aa) Equity	838,68,67.12	746,06,31.60
	(bb) Preference Shares		· -
	(b) Mututal Funds	_	-
	(c) Derivative Instruments	_	_
	(d) Debentures/Bonds	757,19,16.37	561,41,33.72
	(e) Other Securities (CBLO)	-	-
	(f) Subsidiaries	_	_
	(g) Investment Properties-Real Estate	_	-
4	Investments in Infrastructure and Social Sector	1338,90,57.36	1363,09,06.96
5	Other than Approved Investments	76,37,84.63	57,00,77.33
	Total (A)	5675,44,70.00	4761,06,16.83
	SHORT TERM INVESTMENTS	, ,	,,,,,
1	Government securities and Government guaranteed bonds including Treasury Bills	156,78,31.86	58,37,07.43
2	Other Approved Securities		· -
3	Other Investments		
	(a) Shares		
	(aa) Equity	_	_
	(bb) Preference Shares	_	_
	(b) Mututal Funds	50,51,59.12	242,90,80.02
	(c) Derivative Instruments	-	-
	(d) Debentures/Bonds	81,52,02.71	185,18,15.37
	(e) Other Securities (CBLO)	-	10,74,50.40
	(f) Subsidiaries	_	-
	(g) Investment Properties-Real Estate	_	_
4	Investments in Infrastructure and Social Sector	95,70,56.75	52,44,59.41
5	Other than Approved Investments	26,98,95.67	36,58,78.40
	Total (B)	411,51,46.11	586,23,91.03
	` '	,_ ,	, -,
	TOTAL  (A+B)	6086,96,16.11	5347,30,07.86

Note:
Provision made for Doubtful Assets shown under Schedule 14 against Assets in Schedule 8 and Schedule 8A

105,46,29.56

109,97,70.60

SCHEDULE -8A INVESTMENTS (POLICYHOLDER)

Particulars		Current Period Audited (₹'000)	Previous Period Audited (₹'000)
LONG TER	M INVESTMENTS		
1 Government s	securities and Government guaranteed bonds including Treasury Bills	2999,91,83.58	2453,43,40.76
2 Other approve	ē ;	256,42,93.06	242,11,80.90
3 Other Investm			
(a) Shares			
(aa) I	Equity	1025,06,15.37	988,96,74.45
(bb) 1	Preference Shares	-	-
(b) Mututal	Funds	-	-
(c) Derivati	ve Instruments	-	-
	res/Bonds	925,45,64.45	744,19,91.20
(e) Other Se	ecurities (CBLO)	-	-
(f) Subsidia	ries	_	-
(g) Investme	nt Properties-Real Estate	-	-
4 Investments in	n Infrastructure and Social Sector	1636,44,03.45	1806,88,76.66
5 Other than Ap	pproved Investments	93,35,14.54	75,56,83.90
Total (A	$\hat{\Lambda}$ )	6936,65,74.45	6311,17,47.87
SHORT TER	RM INVESTMENTS		
1 Government s	securities and Government guaranteed bonds including Treasury Bills	191,62,38.94	77,37,51.70
2 Other approve	ed Securities	-	-
3 Other Investm	nents		
(a) Shares			
(aa) I	Equity	-	-
(bb) 1	Preference Shares	-	-
(b) Mututal	Funds	61,74,16.71	321,99,43.28
(c) Derivati	ve Instruments	-	-
(d) Debentu	res/Bonds	99,63,58.87	245,47,32.00
(e) Other Se	ecurities (CBLO)	-	14,24,34.24
(f) Subsidia	nries	-	-
(g) Investm	ent Properties-Real Estate	-	-
4 Investments in	n Infrastructure and Social Sector	116,97,36.02	69,52,13.63
5 Other than Ap	proved Investments	32,98,72.48	48,50,01.60
Total ( l	3)	502,96,23.02	777,10,76.45
TOTAL (	A + B)	7439,61,97.47	7088,28,24.32

# SCHEDULE -9 LOANS

Particulars	Current Perioc Audited (₹'000)	Previous Period Audited (₹'000)
1 SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Government Securities	-	-
(c) Others	-	-
Unsecured	-	-
TOTAL	-	-
2 BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	_	_
(b) Banks and Financial Institutions	_	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
TOTAL	-	-
3 PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
TOTAL	-	-
4 MATURITY -WISE CLASSIFICATION		
(a) Short Term	-	-
(b) Long Term	-	-
TOTAL	-	-

Figures in ₹ '000

FIXED ASSETS

SCHEDULE 10

2,11,99.57 91,86.75 2,71,25.84 3,72,86.44 293,49,15.15 74,81,52.33 133,90,70.12 303,63,70.76 54,62,87.37 27,67,82.01 3,12,80.33 169,73,00.64 As at 31.03.2021 Net Block 1,67,77.23 7,62,99.40 1,26,78.23 5,47,31.85 303,63,70.76 74,81,52.33 52,75,85.73 26,89,62.26 2,35,76.23 172,87,63.26 153,65,56.43 326,53,19.69 As at 31.03.2022 7,60,79.63 1,96,45.67 74,15,85.89 15,77,00.98 74,34,49.44 6,37,14.87 16,71,51.43 18,09,12.49 74,34,49.44 7,82,44.37 To date 18,31.70 12,45.30 24,75.05 5,96,13.64 6,51,65.69 6,51,65.69 (1,37,57.74)On Sale / Adjustments Depreciation 78,19.75 57,51.79 95,55.75 51,45.14 69,00.34 1,31,54.83 6,70,29.24 6,70,29.24 6,65,68.30 1,87,01.64 For the Year 7,34,09.54 66,12,59.85 15,93,31.68 5,68,14.53 5,95,42.73 15,37,80.89 16,90,02.96 6,97,03.56 74,15,85.89 74,15,85.89 Up to 31.03.2021 8,04,92.10 60,58,30.10 247,22,12.70 247,22,12.70 243,88,86.53 74,81,52.33 43,61,13.69 21,24,32.83 20,44,88.72 9,59,45.07 8,87,57.86 Closing 6,66,92.92 29,31.78 16,56.06 24,91.44 5,96,13.64 6,66,92.92 1,22,70.65 Deductions Gross Block 24,78.00 86,53.01 61,92,34.52 3,44,57.88 10,00,19.09 10,00,19.09 4,85,68.71 Additions 7,80,14.10 18,09,06.73 20,02,83.29 10,69,90.00 8,25,96.29 243,88,86.53 243,88,86.53 183,19,22.66 74,81,52.33 60,58,30.10 43,61,13.69 Opening Information Technology Equipment Furniture and Fittings Leasehold Property **Particulars** Office Equipment Work in Progress Land - Free Hold Grand Total Previous Year Total Intangibles Good Will Building Vehicles S . 6

SCHEDULE -11 CASH AND BANK BALANCES

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	Cash (including cheques, drafts and stamps)	50,22.37	95,11.62
2	Bank Balances	Í	
	(a) Deposit Accounts		
	(aa) Short Term (due within 12 months):		
	With Banks	1968,07,00.00	1350,42,00.00
	With Financial Institutions	-	59,99,99.00
	(bb) Others		
	With Banks	1,99,00.00	127,00,00.00
	With Financial Institution	-	-
	(b) Current Accounts	9,78,29.16	13,07,90.35
	(c) Others - Balance with Reserve Bank of India	1,00.00	1,00.00
	TOTAL	1980,35,51.53	1551,46,00.97

SCHEDULE -12 ADVANCES AND OTHER ASSETS

	Particulars		Current Period Audited (₹'000)	Previous Period Audited (₹'000)
	ADVANCES			
1	Reserve deposits with ceding companies		-	-
2	Application money for investments		-	-
3	Prepayments		11,83,63.51	11,11,30.12
4	Advance to Directors		-	-
5	Advance Tax paid and taxes deducted at source (Net of provision for		214,51,23.57	180,14,22.30
	taxation)			
	Advances to Employees		23,92,52.76	26,81,58.54
7	Advance for Expenses		12,42,45.43	25,27,49.99
	TOTAL (A)		262,69,85.27	243,34,60.95
	OTHER ASSETS			
1	Income accrued on Investments		347,61,58.44	324,69,88.06
2	Outstanding Premiums		-	-
	Agents' Balances		-	-
	Foreign Agencies Balances		-	-
3	Due from other entities carrying on insurance business (including reinsurers)		256,38,10.25	254,78,34.31
	Due from subsidiaries/holding		-	-
7	Deposit with Reserve Bank of India		-	-
0	(Pursuant to section 7 of Insurance Act, 1938)		1.45.67.10	1 02 50 24
8	Interest accrued on Housing Loan		1,45,67.18	1,83,58.24
9	Sundry Debtors- Standard Asset	1,37,91.11		48,91.24
	Less : Provision for Standard Asset	55.17		19.57
	(I)	1,37,35.94		48,71.67
	Sub - Standard Asset	-		-
	Less : Provision for Sub - Standard Asset	-		-
	(II)		-	
	Doubtful Asset	7,04,26.80		7,04,26.80
	Less : Provision for Doubtful Asset	7,04,26.80		7,04,26.80
	( III ) ( I + II + III )	-	1,37,35.94	48,71.67
	(1 · H · HI)		1,57,55.74	40,71.07
10	Amount Recoverable from others	23,18,60.59		22,62,74.71
	Less: Provision for Doubtful Recovery	94,71.30		94,71.30
	· _	22,23,89.29	22,23,89.29	21,68,03.41
11	Sundry Deposits	73,79,44.90		37,53,74.39
	Less : Provision for Doubtful Debts	-		-
		73,79,44.90	73,79,44.90	37,53,74.39
12	Unclaimed Amount for Policyholder Assets	1,54,94.64		1,49,70.60
12	Add: Interest earned on Unclaimed Amount for Policyholder Assets	42,44.40		35,87.41
	Add. Interest carried on Orientified Attribute for Following Assets	1,97,39.04	1,97,39.04	1,85,58.01
12	ATI Destriction on help of Control of Letter		94 92 17 00	92 44 07 00
13	ATI Participation on behalf of Govt. of India		84,82,17.09	82,44,97.90
	TOTAL (B)		789,65,62.13	725,32,85.98
		[		
	TOTAL (A+B)		1052,35,47.40	968,67,46.93

# SCHEDULE -13 CURRENT LIABILITIES

	Particulars		Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	Agents' Balances		_	_
2	Balances due to other Insurance Companies		78,87,15.08	80,45,36.20
3	Deposits held on re-insurance ceded		-	-
4	Premiums received in advance		223,81,05.16	219,68,70.77
5	Unallocated Premium		46,64,70.20	40,17,53.94
6	Unclaimed Amount of Policyholders	1,53,50.33		1,50,69.05
	Add: Interest earned on Unclaimed Amount of Policyholders	39,87.39		34,69.27
		1,93,37.72	1,93,37.72	1,85,38.32
7	Sundry Creditors		64,91,70.98	37,04,00.43
8	Due to subsidiaries/holding company		-	-
9	Claims outstanding		6992,96,58.43	6885,33,46.28
10	Due to Employees		7,87,56.30	68,37,97.23
11	Others			
	- NEIA		19,01,86.33	18,48,85.20
	- Factoring		33,67.00	23,14.75
	- Miscellaneous		2,69,32.74	2,11,53.03
	- GST Liability		1,30,09.69	79,72.43
		_		
	TOTAL		7440,37,09.63	7354,55,68.58

#### SCHEDULE -14 PROVISIONS

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	Reserve for Unexpired Risk	451,00,20.27	431,16,15.96
2	Reserve for Premium Deficiency	308,52,00.00	316,54,00.00
3	For Taxation		
	- Income Tax (Net of Advance Tax)	-	-
4	For Proposed Dividends	-	-
5	For Dividend distribution Tax	-	-
6	For Retirement Benefits		
	- Leave Encashment & Long Service	56,16,24.84	54,17,81.86
	- Gratuity	4,66,83.15	5,50,06.43
	- Pension	29,59,57.60	24,49,57.67
7	For Thinly Traded Shares	-	-
8	For Investment Assets	105,46,29.56	109,97,70.60
	TOTAL	955,41,15.42	941,85,32.52

#### SCHEDULE -15 MISCELLANEOUS EXPENDITURE

	Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
1	Discount Allowed in issue of shares/debentures	-	-
2	Others	-	-
	TOTAL	-	-

# **SCHEDULE 16**

# **SIGNIFICANT ACCOUNTING POLICIES**

#### 1. ACCOUNTING CONVENTION

1.1 The financial statements are drawn up in accordance with the Regulatory provisions of section 11(1) of the Insurance Act, 1938; regulations framed under Insurance Regulatory and Development Authority Act, 1999, read with the applicable provisions of the Companies Act, 2013. These financial statements prepared under the historical cost convention and on accrual basis, comply with the Insurance Regulatory and Development Authority (Preparation of financial statements and Auditors' Report of Insurance Companies) Regulation 2002 and are in conformity with the requirements of Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and conform to practices prevailing in the credit insurance industry unless otherwise stated.

#### 1.2 USE OF ESTIMATES:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in periods in which the results are known / materialised.

# 2. FIXED ASSETS AND DEPRECIATION

- 2.1 Fixed Assets are stated at cost of acquisition less depreciation.
- 2.2 Depreciation is provided on straight-line method at the relevant rates as per Schedule II to the Companies Act, 2013. Assets added/disposed off during the year are depreciated on a pro-rata basis with reference to the date of addition/disposal. Assets are depreciated fully during the course of its useful life.
- 2.3 Leased Assets are amortised over the period of lease.
- 2.4 The computer software forming integral part of hardware which comprises pre-loaded software and the software procured for loading in the newly bought-out hardware is capitalized along with the hardware.
- 2.5 The Software development and acquisition costs which meet the recognition criteria of AS26 Intangible Assets issued by Companies Accounting Standard Rules, 2006 are

- capitalised under the head "Intangibles" and amortised on a straight-line basis over the useful life of the Asset subject to a maximum period of 5 years.
- 2.6 Projects under commissioning are carried forward at cost as Capital Work-in-Progress (CWIP) and represents payments made to contractors including advances and directly attributable cost.

#### 3. IMPAIRMENTS

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indications exist, the assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

# 4. INVESTMENTS

- 4.1 Short Term Money Market Instruments such as Commercial Papers and Certificate of Deposit, are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.
- 4.2 Contracts for purchase and sale of shares, bonds, debentures, etc., are accounted for as "Investments" as on date of Transaction.
- 4.3 The cost of investments include premium on acquisition, expenses like brokerage, transfer stamps, transfer charges, etc., and is net of incentive/fee if any, received thereon.
- 4.4 Dividend is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for, on realisation. Interim dividend is accounted where the warrants are dated 31<sup>st</sup> March or earlier.
- 4.5 Profit/Loss on realisation of investments is computed by taking Weighted Average Book Value as cost of investments except Government Securities which are held to maturity and profit/loss on such investments are worked out on First In First Out Basis (FIFO).
- 4.6 Investment in Government Securities, debt securities and redeemable preference shares are considered as held till maturity and valued at cost. However, in terms of Insurance Regulatory and Development Authority Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.
- 4.7 a) Investments in Mutual Fund/s are valued at Net Asset Value (NAV) at the year-end and the difference between cost/book value and NAV is accounted in Fair Value Change Account. However, if there is impairment in value, the same is charged to Revenue and the book value of investment is reduced accordingly. Any reversal of impairment loss earlier recognised, shall be taken to revenue to the extent of reduction in impairment recognised earlier.

- b) In case of non-availability of NAV as at the Balance Sheet date, investment is shown at cost.
- 4.8 a) Investment Portfolio in respect of Equity/Equity related instruments are segregated into Actively Traded and Thinly Traded as prescribed by Insurance Regulatory and Development Authority Regulations. The shares are treated as thinly traded by taking into consideration transactions in the month of March on both NSE and BSE.
  - b) Actively Traded Equity/Equity related instruments will be valued as per IRDA guidelines. The equity investments will be valued at the last quoted closing prices on the National Stock Exchange (NSE) which will be the primary exchange. If any of the instruments is not quoted on NSE, then the last quoted closing price on the Bombay Stock Exchange (BSE) (as secondary exchange) will be taken for valuation. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account.
- 4.9 Investment in thinly traded Equity shares and unlisted equity shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. Further, if the published accounts of an unlisted Company are not available for last three accounting years ending on or immediately preceding the date of working out provision for thinly/unlisted shares or if the break-up value is negative then the provision is made for the entire cost.
- 4.10 Investment in Listed Equity/Equity related instruments/Preference shares made in those Companies, which are making losses continuously for last three years and where capital is eroded, are considered to have Impairment in value. Further, if the published accounts of a Company are not available for last three accounting years ending on or immediately preceding the date of working out Impairment in value, it is presumed that the value of investments is fully impaired and is written off to a nominal value of Re 1/- per Company.
- 4.11 A) Valuation of investments considered to have impairment in value is done as under:
  - a) In respect of Actively Traded Equity shares: Least of Cost Price, Market Price or Break-up Value provided Break-up Value is positive. However, if the Break-up Value is negative the nominal value is taken at Rs.1/- per Company.
  - b) In respect of Other Than Actively Traded Equity Shares: Lower of Cost Price or Break-up Value provided Break-up Value is positive. However, if Break-up Value is negative the nominal value is taken at Rs. 1/- per Company.
  - c) In respect of preference shares, if the dividend is not received for the last three years: The preference shares are written down to a value which will bear to its face value, the same
    proportion as value taken/which would have been taken for writing down equity shares bears
    to the face value of the equity shares. However, if the equity shares are written off to

Re.1/- per Company, preference shares also will be written off to a nominal value of Re. 1/- per Company.

- B) Once the value of investment in listed equity/equity related instruments/preference shares is impaired in accordance with the above mentioned policy, the reversal of such impairment losses are recognised in revenue/profit & loss account only when the accumulated losses of such investee companies are completely wiped out and capital is fully restored as per the latest available published accounts on or immediately preceding the date of working out the reversal.
- 4.12 REVERSE REPO Transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1<sup>st</sup> and 2<sup>nd</sup> leg of the transaction is treated as income.
- 4.13 "TriParty Repo System (TREPS), which is issued at Discount to the Face Value, is treated as Money Market Instrument as per Reserve Bank of India Notification. Discount earned at the time of lending through TREPS is shown as income, which is apportioned on time basis.
- 4.14 a) Unrealised gain, losses arising due to changes in the fair value of listed equity shares are taken under the head "Fair Value Change Account" and on realisation reported in profit and loss account.
  - b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.
- 4.15 "Allocation of Investments into Shareholders' & Policyholders' Funds": Investments of the Company are allocated to Shareholders' and Policyholders' funds as presented in schedule 8 and 8a in the ratio of Shareholders' Fund and Policyholders' Fund respectively as at the beginning of the financial year as stated in Significant Accounting Policy (para) No.10.2
- 4.16 The Company follows the prudential norms prescribed by Insurance Regulatory and Development Authority (IRDA)/related Reserve Bank of India (RBI) guidelines as regards asset classification, recognition of income and provisioning pertaining to loans/advances/debentures.

# 5. PREMIUM INCOME

Premium Income is recognised on assumption of risk. The assumption of risk and the premium income, relating to shipments made by the exporters/export credits disbursed by banks in the month of March is recognised in the subsequent year as per the directions of IRDAI vide its letter no. FNA/GEC/LR/001/2013-14/12 dated 30th January, 2014, and the same is consistently followed.

#### 6. RESERVE FOR UNEXPIRED RISKS

Reserve for unexpired risks is created at 50% of net premium income for the year.

#### 7. PREMIUM DEFICIENCY

Premium deficiency is recognised when the sum of expected claim costs and related expenses exceed the reserve for un-expired risks.

#### 8. RESERVE FOR OUTSTANDING CLAIMS

- 8.1 In case of processed outstanding claims under Short Term (ST) covers and in case of all outstanding claims under Medium and Long Term covers the reserve for outstanding claims on the reporting date is recognised as the amount estimated as payable. For the outstanding claims that are yet to be processed under ST covers, a provision will be made on an average rate arrived on the basis of actuarial analysis of earlier years claim paid experience. Such provision is progressively modified for changes as appropriate on availability of further information/scrutiny of supporting documents.
- 8.2 Further, the provision for Claims Incurred But Not Reported (IBNR), Provision for Claims Incurred But Not Enough Reported (IBNER) are accounted for as per actuarial valuation as at end of the year.
- 8.3 No provision is made for following claims which are treated as Contingent Liability:
  - (i) Claims rejected by the Company and not acknowledged as debts in respect of which legal action and/or arbitration has been initiated except cases where there have been adverse ruling. Such cases have been provided under claims in the financial statements.
  - (ii) Claims preferred by Banks where, as confirmed by them, compromise proposals for recovery of dues are under negotiation.

Interest claimed, if any, in respect of cases referred to (i) & (ii) is not considered either for the purpose of contingent liability or for provision.

#### 9. REINSURANCE

- 9.1 Insurance premium on ceding of the risk is recognised in the year in which the risk commences. Any subsequent revision to premium ceded is recognised in the year of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the year in which it is cancelled.
- 9.2 Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.
- 9.3 Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by re-insurer.

9.4 Amounts received/receivable from the re-insurers, under the terms of the reinsurance arrangement, are recognized together with the recognition of the claim.

# 10. EXPENSES OF MANAGEMENT

- 10.1 Management expenses, other than those directly related to other businesses of the Company, incurred by the Company are considered as expenses relating to the insurance business and are therefore charged to revenue account. Expenses relating to investment are apportioned between Revenue and Profit & Loss Account in the same proportion as stated in Significant Accounting Policy No.10.2.
- 10.2 Investment Income is apportioned between Profit & Loss Account and Revenue Accounts in the ratio of Shareholders' Funds and Policyholders' Funds respectively at the beginning of the financial year. Shareholders' Fund consists of Share Capital, General Reserves and Capital Reserves. Policyholders' Fund consists of Reserve for Unexpired Risk, Reserve for Outstanding Claims etc.
- 10.3 Printing and Stationery items are treated as consumed in the year of purchase.

# 11. EMPLOYEE BENEFITS

- 11.1 The Company provides for gratuity, a defined benefit plan covering all eligible employees. The plan provides a lump sum payment to eligible employees on retirement or on termination of employment based on the salary of the respective employee and the years of employment with the Company. The Company contributes to a gratuity fund maintained by Insurance Company. The amount of contribution is determined based upon actuarial valuations as at the year end. Such contributions are charged off to the Revenue Account.
- 11.2 Provision is made for the shortfall between the actuarial valuation as per Projected Unit Credit Method and the funded balance with the Insurance Company as at the Balance Sheet date.
- 11.3 As per Company's policy, employees are eligible to encash leave standing to the credit of employees at the time of resignation/retirement subject to terms and conditions. Provision for short-term compensated absences is made on the basis of an estimate of availment of the leave balance to the credit of the employees as at the Balance Sheet date. Long-term compensated absences are provided for based on actuarial valuation as at Balance Sheet date.
- 11.4. Provident Fund is a Defined Benefit Plan. Company's contribution towards the fund is charged to the Revenue Account. In case the return of the Provident Fund Trust's corpus is below the Statutory Prescribed Minimum, the Company will have to fund the shortfall.

- 11.5. Employees are eligible to receive Provident Fund benefits through a defined benefit plan in which employees make monthly contributions to the plan, @ 10%, of the covered employees' basic salary. The Company contributes an equal amount in case of the eligible employees who have joined the Company on or before 31/03/2010 and have not opted for pension benefit. The Company has established a Provident Fund Trust to which contributions towards Provident Fund are made and contributions towards Provident Fund are charged to the Revenue Account on an accrual basis. The Company guarantees the specified rate of return on such contributions on a periodical basis. The Company will meet the shortfall in the return, if any.
- 11.6 Employees are eligible to receive Pension benefits through a defined benefit plan to which the Company contributes to the plan, @ 10%, of the covered employee's basic salary. Employees who have joined the Company on or before 31/03/2010, and have opted to receive Pension benefit are covered under the Pension Plan. The Company has established a Pension Fund Trust to which contributions towards Pension are made each month. Contributions towards Pension Fund are charged to the Revenue Account on an accrual basis. The Company will evaluate the net liability based on an actuarial valuation of the Obligation and the Fair Value of the Assets to meet the obligation and provides for the same as on the date of Balance Sheet.
- 11.7 Those employees who have joined the Company on or after 01.04.2010 are eligible to be the members of a Defined Contribution Plan (New Pension Scheme) in which employees make monthly contributions to the plan @ 10% of the their basic salary and Dearness Allowance (DA). The Company contributes an equal amount in case of the eligible employees. The Company's contributions are charged to the Revenue Account on an accrual basis
- 11.8 All other Long Term Benefits are provided for on Actuarial Basis.
- 11.9 The actuarial gains/losses on the employee benefits are immediately recognized in the Revenue Account.

#### 12. INCOME TAX

12.1 Provision for Tax is made on the basis of taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961. MAT paid in accordance with the Tax Laws, which gives rise to future economic benefits in form of tax credit against future Income Tax liability, is recognised as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax in future years and the resulting asset can be measured reliably.

12.2 Deferred Tax is calculated at the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed carry forward business losses or depreciation, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent that there is a reasonable certainty of realisation in future.

# 13. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

- 13.1 A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an 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 management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.
- 13.2 Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.
- 13.3 Contingent assets are neither recognised nor disclosed in the financial statements.

#### 14. FACTORING

- 14.1 Factoring Service Charges including interest are accounted as and when accrued.
- 14.2 Debts Factored are included under the head Current Assets as Sundry Debtors. Such debtors are classified as performing and non-performing assets, based on the guidelines issued by the IRDA. Performing debtors are classified as Standard assets, Non-Performing debtors are classified into sub-standard, doubtful and loss assets, based on the classification criteria stipulated by IRDA
- 14.3 The unpaid balances of the price of debts factored and due to the clients on collection are included under Current Liabilities and are reflected in the form of Factoring Margin Account.
- 14.4 Gain and loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are charged to clients
- 14.5 Provision for factoring debts is made as per IRDA norms notified from time to time. Such provision includes provision at the rate of 0.40% on standard assets. Provisions are made

for NPAs as per the guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below by the IRDA:

Substandard Assets:	i. A general provision of 10%	
	ii. Additional provision of 10% for exposures	
	which are unsecured ab-initio (where realisable	
	value of security is not more than 10 % ab-	
	initio)	
Doubtful Assets:		
- Secured portion:	i. Upto one year – 20%	
	ii. One to three years – 30%	
	iii. More than three years – 100%	
- Unsecured portion	100%	
Loss Assets:	100%	

# 15. NEIA TRUST ACCOUNT

The administrative charges received from NEIA Trust is being allocated equally throughout the cover period.

# 16. FOREX TRANSACTIONS

- 16.1 Initial Recognition Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- 16.2 Conversion Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
- 16.3 Exchange Differences Exchange differences arising on the settlement or conversion of monetary items, are recognized as income or as expenses in the period in which they arise and are charged to revenue account.

# SCHEDULE 17

# NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS:

# 1. PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared as per the provisions of the Insurance Regulatory and Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulation, 2002 and circulars and/or guidelines issued in the context of preparation of the financial statements; Companies Act, 2013 and the Insurance Act, 1938.

# 2. REALISABILITY OF STATED AMOUNTS

In the opinion of the Management, the items under the Current Assets, Loans and Advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.

### 3. FIXED ASSETS:

- 3(a) "Buildings" under Fixed Assets include certain properties costing ₹3,98.47 thousand (previous year ₹3,98.47 thousand) where stamp duty has been paid but registration formalities are pending including redevelopment agreement entered into by the Company along with fellow society members of Juhu Geetanjali Vastushilp CHS with the property developer. Further, it includes, properties costing ₹5,77,43.90 thousand (previous year ₹5,77,43.90 thousand) where stamped agreements are lost / presently not available with the Company. However, the Company is in the possession of the share certificates of the co-operative institution in respect of these properties.
- The Company had taken the "Dalamal House" on lease and had exercised reversionary rights to purchase the said property at a given rate as per the Lease Agreement. However, the Lessor did not agree and ECGC filed a suit for specific performance. This suit was decided unfavourable to the Company vide Order dated 07/07/2016 against which Company filed an Appeal. The Appeal is pending. It is noted that the said premises are not yet classified as asset, however the Company is contesting the matter before a Court of Law to exercise reversionary rights to purchase the said assets.

# 4. ADVANCES AND OTHER ASSETS:

- 4(a) Advances and other assets include:
  - An amount of ₹60,42,83.49 thousand (previous year ₹24,17,68.89 thousand) is deposited with the Courts in pursuance of Court Orders for claim suits filed against the Company and in respect of which final decisions are awaited. The same is disclosed under Sundry Deposits.
- 4(b) Interest on housing loans to employees is accounted for on accrual basis. Adjustments required, if any, are carried out at the time of final settlement.
- 4(c) Advances and Other Assets (Schedule 12) includes ₹17,23,92.70 thousand for the year ended (previous year ₹17,23,92.70 thousand) recoverable from an IT Vendor and is mentioned as "Amount Recoverable from Others". This matter is under arbitration as the Vendor has filed a counter claim of ₹146,98,02.40 thousand as against Company's demand of ₹29,17,48.34 thousand. The amount of ₹146,98,02.40 thousand is also included in Contingent Liability (refer note below).
- 4(d) Advances and Other Assets (Schedule 12) includes ₹161,89,42.95 thousand (previous years ₹171,78,48.42 thousand) as receivables from a Reinsurer on account of Excess of Loss (XOL) Treaty since June 2014 in respect of a claim filed with them. The reinstatement premium is also payable to the said reinsurer company. The company had made recovery from its customers and the same needs to be shared with the Reinsurer. The Company had several rounds of positive discussions with Reinsurance Company and there is a high probability that the amount shall be recovered. The net amount receivable will be ₹126,10,10.79 thousand after adjusting Reinstatement premium of ₹35,79,32.16 thousand.
- 4(e) Advances and Other Assets (Schedule 12) includes amount of ₹84,82,17.09 thousand (previous years ₹82,44,97.90 thousand) capitalised in African Trade Insurance (ATI) on behalf of the Govt. of India. ATI has declared dividend of ₹2,37,19.19 thousand (USD 3,23.99 thousand) and the same is capitalised during the current year.

# 5. CURRENT LIABILITIES:

5(a) Current Liabilities include ₹2,80,10.00 thousand (previous year ₹70,20.00 thousand) towards Productivity Linked Lump Sum Incentive (PLLI) payable to the employees which has been accounted for based on the provisional rating of the Company as on 31st March,

- 2022 under the annual Memorandum of Understanding (MOU) signed with the Administrative Ministry, pending final rating to be conveyed by the Administrative Ministry.
- 5(b) As per the Accounting practice followed by the Company, liability towards claims preferred and outstanding is provided for based on the assessment of individual claims. Liabilities towards such claims have been recognized based on information available up to the year end. In the opinion of management, the impact if any, of the above has been considered during the year while assessing the overall provision of unreported and not enough reported (IBNR & IBNER) claims and additional provision for outstanding claims which is arrived at based on actuarial valuation by the Appointed Actuary. Accordingly, an amount of ₹6168,23,49.47 thousand (previous year ₹5740,47,70.49 thousand) has been recognized as estimated liability towards unreported and not enough reported claims (IBNR & IBNER).
- 5(c) The Company has rejected the claim of a Policy Holder against which the Policy Holder (PH) has filed a suit against the Company for performance of the contract and as on 31/03/2022 the matter is sub-judice. Premium Received in advance under Schedule 13 − Current Liabilities includes an amount of ₹2,32,44.55 thousand of premium not adjusted due to non-receipt of declaration from the PH. The Policy issued by the Company has expired on August 31, 2009. As per the terms of the policy, the PH committed ₹2,40,00.00 thousand as the minimum premium to the Company and the balance is to be refunded to the PH in case the same is not utilized. As the policy documentation gives the option of refund or adjusting the premium and the issue being sub-judice, the entire amount of ₹2,32,44.55 thousand (including amount of ₹30,00.00 thousand being over and above the minimum premium) is shown under the head Sundry Creditors Schedule 13.
- 5(d) Further, 'Sundry Creditors' under 'Schedule 13 Current Liabilities' includes an amount of ₹24,61.77 thousand (previous year ₹24,61.77 thousand) on account of premium received from various banks, towards extension of cover to be given by the Company to various banks on account of guarantees provided by the banks to an exporter borrower. The Company has not accepted the said amount and has communicated to the banks about its inability to extend the cover. The Company has refunded the said premium amount to the bankers some of the banks have not accepted the refund. Accordingly, the Company has reflected the said amount under the head 'Sundry Creditors'.

# 6. PROVISIONS

Investment in Debentures amounting to ₹105,00,00.00 thousand Face Value (previous year ₹110,00,00.00 thousand) and has a Book Value of ₹104,97,70.60 thousand (previous year ₹109,97,70.60 thousand) is treated as doubtful and fully provided in the Books of accounts in the earlier years in line with IRDAI norms. It is shown under the head Provision for Investment Assets – Schedule 14.

# 7. FACTORING

The Company has made provision of ₹55.17 thousand (previous year ₹19.57 thousand) on account of standard assets, whereas in relation to doubtful assets the company in the past has made a provision of ₹7,04,26.80 thousand in line with IRDAI norms.

# 8. REINSURANCE

The Company has ceded obligatory cession of 5% (previous year 5%) of the entire business of the Company (Short-Term as well as Medium and Long-Term business) as required under the IRDAI guidelines to General Insurance company of India. Quota Share cession under Policy is 19.24% (previous year 15%) – with GIC Re (6%), SCOR Re (6%), Hannover Re (4%), CCR Re (3.24%) and under ECIB is 8.85% (previous year 8%) – with GIC Re (1.5%), SCOR Re (3%), Hannover Re (3%) and CCR Re (1.35%). The Company has Excess of Loss (XOL) Treaty cession for short Term (ST) covers with the above reinsurer. The re-insurance programme for the earlier year was as under:

Financial year	Quota Share		XOL (ST)
	Obligatory	Treaty (ST)	
2007-08 (Only ST)	15%	20%	No XOL available
2008-09	10%	10%	XOL available
2009-10	10%	15%	XOL available
2010-11	10%	NIL	No XOL available
2011-12	10%	13%	XOL available
2012-13	10%	12%	XOL available
2013-14	5%	15%	XOL available
2014-15 (Policy)	5%	20%	XOL available
2014-15 (ECIB)	5%	13%	XOL available
2015-16 (Policy)	5%	25%	XOL available

2015-16 (ECIB)	5%	25%	XOL available
2016-17 (Policy)	5%	25%	XOL available
2016-17 (ECIB)	5%	25%	XOL available
2017-18 (Policy)	5%	27%	XOL available
2017-18 (ECIB)	5%	23%	XOL available
2018-19 (Policy)	5%	26%	XOL available
2018-19 (ECIB)	5%	21.5%	XOL available
2019-20 (Policy)	5%	26%	XOL available
2019-20 (ECIB)	5%	14.5%	XOL available
2020-21 (Policy)	5%	15%	XOL available
2020-21 (ECIB)	5%	8%	XOL available

# 9. ALTERNATE RISK TRANSFER AGREEMENTS (ART)

The company had risk sharing arrangement for some high value exposures under Medium and Long Term (MLT) covers with the NEIA Trust set up by Government of India. The Company has obtained guarantee from the NEIA Trust for 34 MLT covers (previous year 46 MLT covers) on payment of a fee for the FY 2021-22. During the current FY, the Company paid guarantee fees of ₹3,75,04.65 thousand (previous year ₹4,88,44.53 thousand) to NEIA Trust.

#### 10. PREMIUM INCOME

Premium income is recognised on assumption of risk. As per the accounting policy, the assumption of risk and the premium income, relating to shipments made by the exporters / export credits disbursed by banks in the month of March is recognised in the subsequent year. IRDAI vide its letter No. FNA/GEC/LR/001/2013-14/12 dated 30<sup>th</sup> January, 2014, has concurred with the method of Premium accounting consistently followed by the Company since inception. The Company has estimated such premium income, based on available information relating to shipments made / advances granted in the month of March 2022 at ₹44,41,22.62 thousand (previous year ₹49,52,47.60 thousand) which is recognised in subsequent year.

# 11. NEIA TRUST

The administrative charges receivable by the Company from the NEIA Trust of ₹2,81,42.42 thousand (previous year ₹2,65,29.75 thousand) are included in Other Income.

Administrative charges received in advance of ₹19,01,86.33 thousand (previous year ₹18,48,85.20 thousand), are included in Current Liabilities – Others – NEIA Trust.

# 12. COVID 19

In order to reduce the impact of pandemic, RBI has brought in certain measures relaxing period of realisation and repatriation of export proceeds to India. In line with the Govt. relaxations the Company has also relaxed its terms of covers issued to its clients. The Company has further taken cognizance of the impact of COVID 19 on its business and made assessment of the situation on its financials for the current year. The Company is confident that the resultant claims will be manageable. On the basis of actuarial estimation, we have provided the suitable provisions in our books of accounts and same is included in IBNR & IBNER provision. The IBNR & IBNER provision has been increased to Rs.6168.23 crore from Rs.5740.48 crore previous year due to resultant increase in defaults and expected claims. For the IBNR estimates, the assumptions used have prudent margins to reflect any uncertainty arising out of COVID exposure.

13. As per the Standard practice followed by the Company, claims are settled by the various officials of the Company including the Head Office Claims Committee (HCC) within their delegated powers by condoning some lapses in the claims preferred. All these claims settled are considered to have been settled in the normal course of business of the Company.

# 14. Prior Period Adjustments Include:

(₹ '000)

Particulars	Current Year	Previous Year
Premium	64,80.76	52,12.36
Others	30.07	1,55.88
Depreciation	-	2,57,50.98
Repair and Maintenance	-	1,34.05
Property Tax - Andheri Premises	-	2,32,35.67
Provision for Tax Liability	29,19,44.68	-
Total Prior Period Adjustments	29,84,55.51	5,44,88.94

# 15. Earnings and Expenditure in Foreign Exchange:

(₹ '000)

Earnings	<b>Current Year</b>	Previous Year
Re-insurance*	55,80,54.88	39,08,29.67
Other Receipt	22,37.09	46.56

Expenditure	Current Year	Previous Year
Membership Fees and other expenses	57,83.48	24,15.22
Status Enquiry Fees	1,71,81.59	1,30,39.93
Books and periodicals	-	40,79.79

<sup>\*</sup>Reinsurance earning is the recoveries in foreign currency for claims paid net off reinsurance premium.

**16.** The Company does not have any exposure in derivative contracts and forward contracts. The Company has no exposure in foreign currency (un-hedged).

# 17. Segmental Reporting (Accounting Standard 17)

The Company operates in single segment 'Export Credit Insurance'. The Company also provide factoring activities to exporters. Total bill factored during the year amounting to ₹6,61,02.39 thousand (previous year ₹5,02,35.43 thousand) Total revenue during the year is ₹9,73.56 thousand (previous year ₹6,80.40 thousand). Since factoring revenue, profit or loss and assets are less than 10% of total segment activity, therefore, it is not reportable segment as per AS 17.

# 18. Related Party Disclosures pursuant to Accounting Standard No. 18:

# (i) Key Management Personnel:

S. No.	Name	Designation	Category	As of 31/03/2022
1	Shri M. Senthilnathan	Chairman-cum- Managing Director	Chief Executive Officer	Appointed w.e.f. 29-04-2020
2	Shri Sunil Joshi	Executive Director (Policy Matters)	Functional Director - Executive	Appointed w.e.f. 21-05-2020
3	Shri C. N. A. Anbarasan	Executive Director	Executive Director (Operations)	Appointed w.e.f. 23-09-2020

4	Shri Nirdosh Chopra	General Manager	(i) Chief Financial Officer;	Appointed w.e.f. 21-05-2020
			(ii) Chief Risk Officer; and	Appointed w.e.f. 02-05-2019
			(iii)Transparency Officer	Ceased w.e.f. 16.08.2021
5	Shri P. L. Thakur	General Manager	Chief Underwriting Officer (ECIB-ST)	Appointed w.e.f. 24-09-2020
				Ceased to be Chief Underwriting Officer (MLT) w.e.f. 16-08-2021
6	Shri Sristiraj Ambastha	General Manager	Chief of Internal Audit & Chief Vigilance Officer	Appointed w.e.f. 21-05-2020
7	Shri Ishnath Jha	General Manager	General Manager Human Resource Development and Administration Department	Appointed w.e.f. 21-05-2020
8	Shri Subir Kumar Das	General Manager	(i) Chief Underwriting Officer (Policy); and	Appointed w.e.f. 21-05-2020
			(ii) Chief Underwriting Officer (MLT)	Appointed w.e.f. 16-08-2021
9	Smt. Smita V. Pandit	General Manager	(i)Company Secretary & Chief Compliance Office; and	Appointed w.e.f. 04-06-2013
			(ii)Transparency Officer	Appointed w.e.f. 16-08-2021
10	Shri Anand Singh	General Manager	Chief Marketing Officer	Appointed w.e.f. 16-08-2021
11	Ms. Priscilla Sinha	Appointed Actuary	Appointed Actuary	Appointed w.e.f. 27-01-2020

12	Ms. Arpita Sen	Deputy General Manager	Chief Investment Officer	Appointed w.e.f. 26-11-2019
				Ceased w.e.f. 09-09-2021
13	Shri Yashwant B. Breed	Deputy General Manager	Chief Investment Officer	Appointed w.e.f. 09-09-2021

# (ii) Remuneration paid to Key Management Personnel during the year:

(₹ '000)

Particulars	Current year	Previous Year
Salary and Allowances	6,99,07.35	4,15,26.96
Appointed Actuary	90,19.05	85,43.28

# (iii) Transactions during the year with related parties: NEIA Trust

(₹ '000)

S. No.	Nature of Transactions	Current year	Previous Year
1	Administrative Charges Received for the Year	2,81,42.42	2,65,29.75
2	Administrative Charges received in advance (Balance as on date)	19,01,86.33	18,48,85.20
3	Prepaid Expenses paid to NEIA (Balance as on date)	7,42,37.76	7,37,88.39
4	Outstanding Dues as at year end – Debit Balance	3,26,83.71	3,23,53.19
5	Guarantee Fees paid	3,75,04,65	4,88,44.53

# 19. DEFFERED TAX ACCOUNTING

During the year the Company has accounted for the Deferred Tax in accordance with the Accounting Standard 22. This has resulted in a Net Deferred Tax Credit during the year amounting to ₹35,79.89 thousand (previous year debit ₹2,95,89.55 thousand). The Net Deferred Tax Assets at the end of the year amounts to ₹43,88,90.87 thousand (previous year Deferred Tax Assets ₹44,24,70.76 thousand). The breakup of Deferred Tax Assets and Deferred Tax Liabilities is as under:

(₹ '000)

Particulars	Opening at 01-04-2021	Charge/Credit during the year	Closing at 31-03-2022
Liability			
Depreciation	2,22,38.88	48,82.77	2,71,21.65
Total	2,22,38.88	48,82.77	2,71,21.65

Particulars	Opening at 01-04-2021	Charge/Credit during the year	Closing at 31-03-2022
Assets			
Provision for leave encashment	13,63,55.66	49,94.08	14,13,49.74
Provision for doubtful debts	29,69,03.94	(1,13,52.13)	28,55,51.81
Provision for gratuity	1,38,44.02	(20,94.80)	1,17,49.22
Provision for Tax Liability	-	2,03,12.19	2,03,12.19
PLLI	17,66.79	52,82.77	70,49.56
Wage Revision (PF& leave encashment)	1,58,39.23	(1,58,39.23)	-
Total	46,47,09.64	13,02.88	46,60,12.52
Deferred Tax Asset/(Liability)	44,24,70.76	(35,79.89)	43,88,90.87

# 20. Earnings Per Share is calculated as under:

(₹ '000)

	Particulars	Current Year	Previous Year
a)	Numerator: Net Profit as per Profit & Loss A/c (₹ '000)	875,16,19.85	460,30,48.96
b)	Denominator: Weighted Average Number of Shares Outstanding during the year	34,20,52,055	28,74,82,192
c)	Earnings per share: Basic (₹)	25.59	16.01
d)	Nominal Value of Shares (₹)	100.00	100.00

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

# 21. CONTINGENT LIABILITIES

(₹ '000)

S. No.	Particulars	Current year	Previous Year
1.	Partly paid-up investments	Nil	Nil
2.	Claims, other than against policies, not acknowledged as debts by the Company	172,66,40.00	172,65,64.00
3.	Policies and ECIB claims against the Company not acknowledged as debt	2150,48,68.00	1053,66,45.00
4.	Guarantees given by or on behalf of the Company	Nil	Nil
5.	Income Tax	625,29,00.00	377,00,00.00

# 22. CAPITAL COMMITMENTS

Amount of capital commitments outstanding is ₹112,16,58.90 thousand (previous year ₹205,38,10.02 thousand).

**23.** Based on the actuarial valuations by the Appointed Actuary, premium deficiency reserve of ₹308,52,00.00 thousand (previous year ₹316,54,00.00 thousand) is provided as per IRDAI requirements.

# 24. RESERVE FOR CORPORATE SOCIAL RESPONSIBILITY:

The Company has computed CSR provision for the year 2021-22 as per section 135 and section 198 of the Companies Act, 2013. The details of opening reserve, payments made and closing reserve is as follows:

(₹ '000) 11.90.09.34 Gross amount required to be spent by the Company during the year: (a) (b) Amount approved by the Board to be spent during the year: 8,70,00.34 Amount spent during the year on: Construction / acquisition of any asset (c) NIL On purposes other than (i) above (ii) 10,85,79.14 Details of related party transactions, e.g., contribution to a trust/society/ section 8 company controlled by the company in relation to CSR (d) NIL expenditure as per Accounting Standard (AS) 18, Related Party Disclosures. The details as per section 135(5) and section 135(6) are given below: (e) Section 135(5) Unspent Amount Amount Deposited in Amount Required Opening Specified Fund of Amount Spent Closing to be Spent Balance Schedule VII within 6 during the Year Balance During the Year Months 3,20,09.00 49.11.00 8,70,00.34 10,36,68.14 1,04,30.20 Section 135(5) Excess Amount Spent Amount Required to be Amount Spent **Opening Balance** Closing Balance Spent During the Year During the Year Not Applicable Section 135(6) Ongoing Project **Amount Spent During** Opening Balance Closing Balance the Year Amount In From In Required Years From Separate Separate Separate With to be With CSR Company' CSR CSR Spent Company Company s Bank A/c Unspent Unspent Unspent A/c A/c A/c 2020-21 2,70,98.00 2,14,16.99 56,81.01 2021-22 8,70,00.34 8,22,51.15 8,93.19\* 38,56.00

\*Unspent amount of ₹8,93.19 thousand not relating to any project (Balance unspent amount related to Swachta Action Plan and Administrative Expenses) for the current year transferred to Swachh Bharat Kosh during the FY 2022-23.

25. Disclosures as required under the Insurance Regulatory and Development Authority (preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulation, 2002 are enclosed herewith as per Annexure – 1A & 1B.

# 26. Investment in Central Government Securities (Schedule 8) includes:

- (a) 7.16% 2023 Government of India bonds having book value of ₹4,99,25.00 thousand (previous year ₹4,99,25.00 thousand 7.16% 2023 Government of India bonds) charged to Clearing Company of India Limited towards margin for secondary market transactions entered into by the Company.
- (b) 8.24% 2027 Government of India bonds having book value of ₹93,17.00 thousand (previous year ₹93,17.00 thousand 8.24% 2027 Government of India bonds) charged to Clearing Company of India Limited towards margin for collateral borrowing and lending obligations by the Company.
- (c) 7.95% 2032 Government of India bonds having face value of ₹40,00,00.00 thousand (previous year 7.06% 2046 Government of India Bonds ₹40,00,00.00 thousand) is charged to National Stock Exchange Limited towards margin for secondary market equity transactions entered into by the company as per the regulatory requirement.

# 27. Investments

- (a) In the year 2018-19, Company has segregated ₹290,58,37.42 thousand Book Value (Face Value ₹275,00,00.00 thousand) for Shareholders Fund in excess of solvency margin. After transfer to the African Trade Insurance as mentioned in para 4(e), balance in the Shareholders fund in excess of Solvency Margin as on March 31, 2022 is ₹253,08,95.60 thousand Book Value (Face Value ₹242,03,49.72 thousand).
- (b) Investment in Debentures of Amtek Auto Limited of ₹5,00,00.00 thousand was treated as doubtful and fully provided in the books of accounts in the earlier years in line with IRDAI norms. As per the resolution plan approved by Hon'ble NCLT, the Company has received ₹34,09.96 thousand (including 0.1% debentures in Amtek Auto of ₹9,19.70 thousand) and entitled to receive an amount of ₹48,58.96 thousand which is fully provided for and

remaining balance of ₹4,17,31.08 thousand has been written off during the year against existing provision for investment assets. Excess provision representing the amounts received from Amtek Auto of ₹34,09.96 thousand has been written back.

# 28. EMPLOYEE BENEFITS:

- (a) The Defined Benefit Pension Scheme has been extended to include all employees who have joined the Company on or before 31/03/2010. The employees who have joined the Company on or after 01/04/2010 are covered by the New Pension Scheme (NPS) under the Defined Contribution Scheme.
- **(b)** The Company pays 10% of basic salary & dearness allowance/ personal allowance to a Pension Fund administrator for each eligible employee.
- (c) In case of employees who are eligible for the Defined Benefit Pension Scheme, the Company remits the contribution to the Pension Fund Trust. For those employees, who are not covered under Defined Benefit Pension Scheme or Defined Contribution Pension Scheme, the Company remits the Company's share to the Provident Fund Trust.
- (d) The Guidance note on implementing AS 15 (Revised 2005), issued by ICAI, states that provident funds set-up by employers, which require interest shortfall to be met by the employer, need to be treated as a defined benefit plan.
- (e) As the corpus of the Provident Fund and earnings thereon are sufficient to meet the requirement of the interest payable on the Provident fund, no provision for the same and no specific disclosure on account of provision is made in the account. However, the Company has paid ₹54,41.26 thousand during the year to the Provident Fund Trust to meet the shortfall of Interest for the previous year 2020-21.
- (f) The employees of the Company are entitled to leave and long service benefits as per the policy of the Company. The liability on account of accumulated leave and long service benefits as on last day of the accounting year is recognised at present value of the defined obligation at the balance sheet date based on the actuarial valuation.

	Category	Current Year	Previous Year
1	Recognized in the Balance Sheet		
	Present Value of the Defined Benefit Obligation	56,16,24.84	54,17,81.86
	Liability at the beginning of the year	54,17,81.86	49,50,72.55
	Additional Liability recognised in the Balance Sheet	(1,98,42.98)	(4,67,09.31)

(g) The details of employee benefits under "defined employee benefit plans" for the period on account of gratuity and superannuation which are funded are as under.

Pension (₹ '000)

	Category	Current Year	Previous Year
1	Change in Benefit Obligations		
	Projected benefit obligations at the beginning of the year	384,12,45.20	364,75,12.12
	Interest Cost	26,54,30.04	24,83,95.58
	Current Service Cost	12,99,02.38	12,50,24.11
	Liability Transferred		
	Benefits paid	(64,72,56.55)	(40,26,58.20)
	Actuarial (Gain) / Loss	31,78,67.45	22,29,71.59
	Projected Benefit Obligations at the end of the year	390,71,88.52	384,12,45.20
2	Change in Plan Assets		
	Plan Assets at the beginning of the year at fair value	359,62,87.53	314,56,62.58
	Expected return on Plan Assets	24,85,03.47	21,42,19.62
	Contributions	36,11,71.02	52,99,28.06
	Assets Transferred in	-	-
	Benefits paid	(64,72,56.55)	(40,26,58.20)
	Actuarial Gain / (Loss)	5,25,25.47	10,91,35.47
	Plan Assets at the end of the year at fair value	361,12,30.94	359,62,87.53
3	Recognized in the Balance Sheet		
	Present Value of the Defined Benefit Obligation	390,71,88.53	384,12,45.20
	Plan Assets at the end of the year at fair value	361,12,30.94	359,62,87.53
	Liability recognised in the Balance Sheet	29,59,57.59	24,49,57.67
4	Cost for the year		
	Current Service Cost	12,99,02.38	12,50,24.11

Category	Current Year	Previous Year
Interest Cost	1,69,26.58	3,41,75.96
(Includes Expected return on Plan Assets)		
Actuarial (Gain) / Loss	26,53,41.98	11,38,36.12
Expense recognised in the Revenue account	41,21,70.94	27,30,36.19

Gratuity (₹ '000)

	Category	Current Year	Previous Year
1	Change in Benefit Obligations		
	Projected Benefit Obligations at the beginning of the year	43,84,86.43	44,17,03.76
	Interest Cost	3,02,55.56	3,02,12.54
	Current Service Cost	67,39.63	82,27.00
	Past Service Cost – Vested Benefit		
	Benefits paid	(4,35,20.98)	(5,97,22.02)
	Actuarial (Gain) / Loss	(1,92,21.75)	1,80,65.15
	Projected Benefit Obligations at the end of the year	41,27,38.89	43,84,86.43
2	Change in Plan Assets		
	Plan Assets at the beginning of the year at fair value	38,34,80.00	41,35,54.50
	Expected return on Plan Assets	2,64,60.12	2,82,87.13
	Contributions	-	23,18.55
	Assets Transferred In	-	-
	Benefits paid	(4,35,20.98)	(5,97,22.02)
	Actuarial Gain / (Loss)	(3,63.40)	(9,58.16)
	Plan Assets at the end of the year, at fair value	36,60,55.74	38,34,80.00
3	Recognized in the Balance Sheet		
	Present Value of the Defined Benefit Obligation	41,27,38.89	43,84,86.43
	Plan Assets at the end of the year at fair value	36,60,55.74	38,34,80.00
	Liability recognised in the Balance Sheet	4,66,83.15	5,50,06.43
4	Cost for the year		
	Current Service Cost	67,39.63	82,27.00
	Interest Cost	37,95.44	19,25.41
	(Includes Expected return on Plan Assets)		
	Actuarial (Gain) / Loss	(1,88,58.35)	1,90,23.31
	Past Service Cost – Vested Benefit		
	Expense Recognised in the Revenue account	(83,23.28)	2,91,75.72
	Category	Pension	Gratuity
5	Assumptions	7.440/	7.000/
	Interest rate for Discounting	7.41%	7.33%
		(6.91%)	(6.90%)

	Category		Current Year	Previous Year
	Estimated rate of return on Plan Assets		7.41%	7.33%
		(6.91%)	(6.90%)	
	Salary Escalation		7.00%	7.00%
	-	(7.00%)	(7.00%)	
	Rate of Employee Turnover	0.50%	0.50%	
6.	Method of Valuation	ethod of Valuation		
	Basis used to determine	The expected rate of return on plan assets is based on the		
	the expected rate of	current portfolio of the assets, investment strategy and th		
	return on Plan Assets.	market scenario, in order to protect capital and optimize		
		returns within acceptable risk parameters; the Plan Assets		
		are well diversified.		

#### 29. OPERATING LEASES

The Company has operating leases for office premises and residential flats at various locations that are renewable on a periodic basis and are cancellable by giving a notice period ranging from one month to six months. Rent escalation clauses vary from contract to contract. Rent expenses included in Revenue Account towards operating leases are ₹14,19,01.99 thousand (previous year ₹14,57,77.33 thousand). As per AS-19 "Leases" amount of minimum future payments for operating leases is ₹22,59,57.64 thousand (previous year ₹34,80,26.79 thousand).

# 30. As per the provisions of the MSMED Act, 2006:

- (a) Amount Outstanding ₹ NIL (previous year ₹ NIL)
- (b) Delayed Payments made through-out the year ₹ NIL (previous year ₹ NIL)
- (c) Interest payable where principal dues are settled after due date ₹ NIL (previous year ₹ NIL).
- 31. The recoveries of claims paid in earlier years (Schedule 2) are accounted net of expenses at ₹109,97,13.90 thousand (previous year ₹117,46,79.60 thousand) such as recovery commission, bank charges, etc. incurred on such recoveries as per the practice consistently followed by the Company.
- **32.** Pursuant to the regulatory requirement vide IRDAI circular no. 067/IRDA/F&A/CIR/MAR-08 dt. 28/03/2008 the additional disclosure is given as under:

(₹ '000)

S. No	Particulars	Current Year	Previous Year
I	Outsourcing Expenses	12,87,51.64	10,91,45.51
II	Business Development	1,54,06.26	1,23,91.87
III	Marketing Support	4,33,65.46	3,86,47.91

# 33. RATIOS FOR NON – LIFE COMPANIES

Information in respect of ratios is as per Annexure – 2 attached.

**34.** Extent of risk retained and reinsured is set out below (excluding catastrophe reinsurance)

	Premium Statistics for the Period April 2021 to March 2022				
	Premium				
FY	Premium Retention % RI Ceding				%
2021-22	1106,61,67.81	902,00,40.54	81.51%	204,61,27.27	18.49%
2020-21	1062,28,19.61	862,32,31.91	81.18%	199,95,87.70	18.82%

- 35. Statement showing Age-wise Analysis of un-claimed amount of the policy-holders as per IRDAI Master Circular no. IRDA/F&A/CIR/Misc/282/11/2020 dated 17/11/2020 is given in Annexure 3A & 3B.
- **36.** Pursuant to the regulatory requirement vide IRDAI circular no. 005/IRDA/F&A/CIR/MAY-09 dt. 7/05/2009 the additional disclosure is given as under:

			Amount in `'		
S. No	Authority	Non-Compliance/ Violation	Penalty Levied	Penalty Paid	Penalty Waived/ Reduced
1.	Insurance Regulatory and Development Authority of India	NIL	NIL	NIL	NIL
2.	GST/Service Tax Authorities	NIL	NIL	NIL	NIL
3.	Income Tax Authorities.	NIL	NIL	NIL	NIL
4.	Any other Tax Authorities	NIL	NIL	NIL	NIL
5.	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	NIL	NIL	NIL	NIL
6.	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956/2013	NIL	NIL	NIL	NIL
7.	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	NIL	NIL	NIL	NIL
8.	Securities and Exchange Board of India	Not Applicable as the Company is not a Listed Entity			
9.	Competition Commission of India	NIL	NIL	NIL	NIL

10.	Any other Central/State/Local	*Order for payment			
	Government / Statutory	of Interest u/S. 7Q	NIL	NIL	NIL
	Authority	of the EPF and MP			
		Act, 1952 for			
		01.04.2016 to			
		31.03.2017 in			
		respect of 57			
		casual workers and			
		Section 6, 6A and			
		6C of the			
		Employees'			
		Provident Funds			
		and Miscellaneous			
		Provisions Act			
		,1952,			
		Section 8 (1)			
		Employees Deposit			
		Linked Insurance			
		Scheme 1976 and			
		other relevant			
		provisions.			
		**The Maharashtra	4 40 74	NIII -	AIII
		Stamp Act, 1958	4,46.71	NIL	NIL

Note:

\*Employees' Provident Funds and Miscellaneous Provisions Act ,1952, Employees Deposit Linked Insurance Scheme 1976 and other relevant provisions – A summon to appear before the Assistant Provident Fund commissioner (APFC) for hearing under section 14B of the EPF and MP Act, 1952 (and order of payment of interest under Section 7Q) was received by ECGC for belated remittance made during the period 1989 to 1996, 1996 to 2010 and 2010 to 2016.

As instructed by the APFC during the hearing, on 10.01.2019, ECGC Ltd. had submitted documents establishing that the Provident Fund of ECGC Ltd. is a recognized Trust by the Income Tax Authority. ECGC Ltd. had also submitted various other documents showing that the provident fund amounts were duly remitted by ECGC Ltd.

APFC, EPFO had issued three separate notices dated 12.03.2019 to the Company under Section 14 B of The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (and order of payment of Interest under Section 7Q of the same Act) for belated remittances made during the period July 1989 to August 2016. The last hearing in this matter was held before the Assistant Provident Fund Commissioner (APFC), EPFO on 02.07.2021.

Thereafter, the matter was concluded by the APFC, EPFO vide speaking order bearing reference M/s ECGC Ltd. MH/151783 and order No. MH/BAN-3[NP]/PD-III/ 1516783/ SO/ 2021-22/65 and Order No. MH/BAN/1516783/Nariman Point /Damages Cell/2021-22/66 dated 30.07.2021.

Accordingly, the orders referred to above were complied with by the Company on 20.08.2021 as provided below -

Total Damages including interest levied - `2,15,84,362/-

Waiver of the damages and interest by APFC, EPFO - `52,97,153/-

Total Damages paid including interest - `1,62,87,209/-

The matter is thus closed and no case is pending as on date.

\*\*The Maharashtra Stamp Act, 1958: Stamp Office, Mumbai, Maharashtra State, vide its letter dated 06/01/2015, has imposed a penalty of `4,46,710/- (Rupees four lakhs forty-six thousand seven hundred ten only), for non-payment of stamp duty of `7,20,500/- payable on the construction contract agreement entered with Project Contractor, Unity Infra Projects Limited on 07/04/2012.

However, the Company had represented its case on January 22, 2015 to the Deputy Inspector General of Registration for waiver of penalty and the matter is being continuously followed up with the respective authority for early decision.

The Appeal is pending as on date for arguments and next date of hearing in the matter is 25.05.2022.

# 37. ALLOCATION OF INCOME AND EXPENSES

Investment incomes and expenses are allocated pro-rata between the Revenue Account and the Profit & Loss Account on the basis of opening balances of Policyholders' Fund and Shareholders' Fund which practice has been followed consistently. This is in line with the disclosure norm set by IRDAI by its master circular No IRDA/F&I/CIR/F&A/231/10/2012 dated 5<sup>th</sup> October, 2012 and corrigendum IRDA/F&A/CIR/FA/126/07/2013 issued dated 3<sup>rd</sup> July, 2013 effective from FY 2013-14.

38. The Board of Directors at their meeting has proposed a dividend of ₹7 per share of the Company subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard AS-4 'Contingencies and Events occurring after the Balance Sheet date' as notified by the Ministry of Corporate Affairs through the amendments to the Companies Accounting Standard Rules 2016, the Company has not

appropriated proposed dividend amounting to ₹276,50,00.00 thousand from the Profit Loss Account for the year ended on March 31, 2022.

**39**. The figures for the previous period/year have been re-grouped/re-classified wherever necessary to make them comparable with the current period's/year's figures.

(M SENTHILNATHAN)

Chairman cum Managing Director DIN – 07376766 (DEVESH SRIVASTAVA)

Director DIN - 08646006

(A SAKTHIVEL)

Director DIN - 00027485 (AMIT KUMAR AGARWAL)

Director DIN - 05333909 (PRATIBHA KUSHWAHA)

Director DIN – 09395541

(SUNIL JOSHI) Executive Director DIN - 08778530 (NIRDOSH CHOPRA)
Chief Financial Officer

(SMITA PANDIT)
Company Secretary

As per our Report of even date attached:

For abm & associates LLP

Chartered Accountants
Firm Registration No. 105016W/W-100015

For SNK & Co.

Chartered Accountants Firm Registration No. 109176W

(ANIL CHIKODI)

Partner - M. No. 107659 Pune

Place: Mumbai

Dated: 25th May, 2022

(ANKIT D. DANAWALA)

Partner - M. No. 119972

# **ECGC** Limited

CIN: U74999MH1957GOI010918

Annexure - 1 (a) to Schedule 17

# DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

		Current Year (₹ '000)	Previous Year (₹ '000)
1	The details of encumbrances to the assets of the Company are as under		
	a) In India Outside India	Nil Nil	Nil Nil
2	Commitments Outstanding (as per the data provided by the management) a) Commitments made and outstanding for loans and investments b) Commitments made for Fixed Assets (Net of advances)	Nil 112,16,58.90	Nil 205,38,10.02
3	Claims, less reinsurance, paid to claimants		
	<ul><li>a) In India</li><li>b) Outside India</li></ul>	504,26,88.68 Nil	756,08,26.79 Nil
4	Claim liabilities where claim payment period exceeds four years	Nil	Nil
5	Claims outstanding for more than six months (Gross - Indian) Number of Claims Amount	159 588,60,03.59	261 921,22,31.31
	Claims outstanding for less than six months (Gross - Indian) Number of Claims Amount  Total Number of Claims outstanding (Gross - Indian)	229 563,56,34.99 388	429 619,31,24.31 690
	Amount	1152,16,38.58	1540,53,55.62
6	Premiums, less reinsurance, written from business		
	In India Outside India	902,00,40.54 Nil	862,32,31.91 Nil
7	Premium is recognised as Income as per the declared accounting policy. A reserve for un-expired risks is created at 50% of net premium.	451,00,20.27	431,16,15.96
8	Details of contracts in relation to investments for,		
	<ul><li>a) Purchase where deliveries are pending</li><li>b) Sales where payments are due</li></ul>	Nil Nil	Nil Nil

			Current Year (₹ '000)	Previous Year (₹ '000)
9		entire operating expenses pertain to credit insurance ness.	,	, ,
10		estments are valued in accordance with the ared accounting policy.		
11	Computation of Managerial Remuneration: The Company is exempted vide notification: GSR 463 u/s 462 of the Companies Act, 2013, being a Government Company.			
12		is of amortisation of debt securities vision for diminution in the value of the investments	Refer Point no. 4.6 of Significant Accounting Policy Nil	Refer Point no. 4.6 of Significant Accounting Policy Nil
13	`			
	a)	Unrealised gains and losses due to changes in fair value of listed equity shares under Fair value change a/c	693,04,48.90	641,96,91.23
	b)	Pending realisation, credit balance in Fair value change a/c not available for distribution.	693,04,48.90	641,96,91.23
14		Company does not have investment in 'Real Estate structure Property.'		
15	A	Claims settled and remaining unpaid for a period more than six months as on balance sheet date are as under		
		Number of claims Amount	Nil Nil	Nil Nil
	В	All Significant accounting policies forming part of the financial statements are disclosed separately.		
	C 1	Deposits made in accordance with statutory requirements are as under		
		a) In India- under Section 7 of the Insurance Act 1938 ( Face Value 1000.00 lacs) b) Outside India	N.A N.A	N.A N.A
	2	Segregation of Investments into performing and non-performing investments is as under		
		Performing(Standard) Investments Non Performing Investments Total Book Value(Closing Value)	15391,15,54.62 105,48,58.96 15496,64,13.58	13736,00,31.18 110,00,00.00 13846,00,31.18
	3	Percentage of business sectorwise  As the company caters to exporters only, no suc sectors are specifically identifiable.	h	

A summary of financial statements for 5 years is enclosed. As per Annexure 1b As per Annexure 1b

		Current Year (₹ '000)	Previous Year (₹ '000)	Growth %
5	Various Financial Ratios (as compiled by the management) (in the absence of specific ratios prescribed by the authority, some of the important ratios are given.) (Year-end unless otherwise stated)			
	Gross Premium	1106,61,67.81	1062,28,19.61	4.17
	Net Premium	902,00,40.54	862,32,31.91	4.60
	Net Retention Ratio (%) (Net Premium/Gross Premium)	81.51	81.18	0.41
	Profit before Tax to Share Capital (%)	29.39	18.44	59.41
	Profit before Tax to Networth (%)	14.81	9.24	60.28
	Profit after Tax to Networth (%)	11.16	7.23	54.36
	Expenses of Management to Gross Premium (%)	27.74	27.60	0.51
	PBDIT to Total Employment	205,20.68	110,97.14	84.92
	Technical Reserves to Net Premium			
	Unexpired Risks Reserve Outstanding Claims Premium Deficiency Total Technical Reserves Net Premium Ratio	451,00,20.27 6992,96,58.43 308,52,00.00 7752,48,78.70 902,00,40.54 8.59	431,16,15.96 6885,33,46.28 316,54,00.00 7633,03,62.24 862,32,31.91 8.85	-2.53% 1.56%

CIN: U74999MH1957GOI010918

# DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

Annexure - 1 (b) to Schedule 17

(₹ '000)

						(₹ '000)
		2021-22	2020-21	2019-20	2018-19	2017-18
	OPERATING RESULTS					
1	Gross Direct Premium	1106,61,67.81	1062,28,19.61	1075,47,39.68	1247,54,25.98	1240,41,70.70
2	Net Earned Premium	902,00,40.54	862,32,31.91	792,28,95.24	870,02,07.14	838,82,48.95
3	Income from Investments (Net)	587,77,84.61	566,17,10.29	507,97,46.56	484,33,90.96	421,18,52.23
4	Other Income(Fee & Other Receipts )	3,06,12.44	1,10,74.60	2,04,07.18	2,34,38.90	3,85,05.23
5	Total Income	1492,84,37.59	1429,60,16.80	1302,30,48.98	1356,70,37.00	1263,86,06.41
6	Commission (Net) (Including Brokerage)	(31,37,84.39)	(26,19,85.99)	(37,15,68.81)	(51,56,04.98)	(58,09,97.22)
7	Operating Expenses	281,32,81.11	270,92,57.55	314,08,13.26	265,94,06.60	192,78,45.75
8	Net Incurred Claim	546,19,29.35	884,52,05.49	958,41,52.78	1141,16,19.58	1138,58,81.99
9	Change in Unexpired Risk Reserve	(19,84,04.32)	(35,01,68.34)	38,86,55.95	(15,59,79.10)	41,21.21
10	Operating Profit / (Loss)	684,88,07.20	159,09,71.41	86,91,07.70	(42,76,63.30)	(130,05,02.90)
	NON OPERATING RESULTS					
11	Total Income under Shareholders' account	475,98,36.22	428,99,99.01	313,10,81.51	357,15,43.20	253,46,72.77
12	Profit / (Loss) before tax	1160,86,43.42	588,09,70.42	400,01,89.21	314,38,79.90	123,41,69.87
13	Provision for tax	285,70,23.57	127,79,21.46	76,17,91.80	70,00,52.77	55,49,97.61
14	Profit / (Loss) after tax	875,16,19.85	460,30,48.96	323,83,97.41	244,38,27.13	67,91,72.26
	MISCELLANEOUS					
	Policyholders' Account *					
15	Total Funds	8627,45,43.68	8027,76,02.10	7644,96,74.89	6923,69,85.54	6289,14,37.20
15	Total Investments #	8523,15,27.47	7892,22,17.77	7144,83,19.52	6722,76,41.55	5458,50,54.42
	Yield on Investments	8.12	8.52	8.29	8.76	9.08
	Shareholders' Account *					
16	Total Funds	7058,82,63.01	6056,02,96.32	5312,60,45.27	4066,29,91.51	3854,63,64.73
10	Total Investments #	6973,48,86.11	5953,78,13.41	4965,05,27.13	3948,29,00.59	3345,53,55.94
	Yield on Investments	8.12	8.52	8.29	8.76	9.08
17	Paid up Equity Capital	3950,00,00.00	3190,00,00.00	2500,00,00.00	2000,00,00.00	1500,00,00.00
18	Net Worth	7840,88,49.12	6365,22,29.27	5214,91,80.31	4463,41,14.66	3737,11,20.47
19	Total Assets	16929,71,23.07	15303,60,21.60	13422,97,91.57	11840,49,31.53	10447,07,12.65
20	Yield on Total Investments	8.12	8.52	8.29	8.76	9.08
21	Earnings Per Share ( Rs.)	25.59	16.01	14.09	13.41	4.98
22	Book Value per share (Rs.)	198.50	199.54	208.60	223.17	270.50
23	Total Dividend	-	159,50,00.00		60,00,00.00	15,00,00.00
24	Dividend per share (Rs.)	-	5.00	-	3.00	1.00

<sup>\*</sup> Total funds & total investments shown above are as of year end. Funds & investments has been divided into Policyholders(PH) & shareholders(SH) accounts in the ratio of total funds available at the start of year under PH & SH account.

 $<sup>\</sup>ensuremath{\text{\#}}$  Investments includes Fixed deposits under Sch 11 - Cash & Bank Balances.

CIN: U74999MH1957GOI010918

Annexure 2 to Schedule 17

# Analytical Ratios for the period ended on 31st March 2022

Sl. No	Particular	31 March 2022	31 March 2021
1	Gross Direct Premium Growth Rate		
	Gross Direct Premium	1106,61,67.81	1062,28,19.61
	Growth	4.17%	-1.23%
2	Gross Direct Premium to Net Worth Ratio (Times)		
	Total Gross Direct Premium	1106,61,67.81	1062,28,19.61
	Net Worth (Closing)	7840,88,49.12	6365,22,29.27
	Ratio (times)	0.14	0.17
3	Growth Rate of Net Worth		
	Net Worth (Opening)	6365,22,29.27	5214,91,80.31
	Net Worth (Closing)	7840,88,49.12	6365,22,29.27
	Growth rate of Net Worth	23.18%	22.06%
4	Net Retention Ratio		
	Net Premium	902,00,40.54	862,32,31.91
	Gross Direct Premium	1106,61,67.81	1062,28,19.61
	Net Retention Ratio	81.51%	81.18%
5	Net Commission Ratio		
	Net Commission	(31,37,84.39)	(26,19,85.99)
	Net Premium	902,00,40.54	862,32,31.91
	Ratio	-3.48%	-3.04%
6	Expenses of Management to Gross Direct Premium Ratio		
	Expenses of Management	306,94,84.32	293,14,11.78
	Gross Direct Premium	1106,61,67.81	1062,28,19.61
	Ratio	27.74%	27.60%
7	Expenses of Management to Net Written Premium Ratio		
	Expenses of Management	306,94,84.32	293,14,11.78
	Net Written Premium	902,00,40.54	862,32,31.91
	Ratio	34.03%	33.99%
8	Net Incurred Claims to Net Earned Premium		
	Net Incurred Claims	546,19,29.35	884,52,05.49
	Net Earned Premium	882,16,36.22	827,30,63.57
	Ratio	61.92%	106.92%
9	Combined ratio		
	Net Incurred Claims	546,19,29.35	884,52,05.49
	Net Earned Premium	882,16,36.22	827,30,63.57
	Ratio (a)	61.92%	106.92%
	Expenses of management	262,11,15.30	255,65,47.37
	Net Written Premium	902,00,40.54	862,32,31.91
	Ratio (b)	29.06%	29.65%
	Combined Ratio (a + b)	90.98%	136.57%
10	Technical Reserves to Net Premium Ratio (Times)	1 21,2 7,2	
	Reserve for Outstanding Claims	6992,96,58.43	6885,33,46.28
	Reserve For Un-expired Risks	451,00,20.27	431,16,15.96
	Reserve for Premium Deficiency	308,52,00.00	316,54,00.00
	Total	7752,48,78.70	7633,03,62.24
	Net Premium	902,00,40.54	862,32,31.91
	Ratio (Times)	8.59	8.85
11	Underwriting Balance Ratio	0.07	0.00
11	Underwriting Profit	93,85,34.67	(408,18,13.48)
	Net Premium	882,16,36.22	827,30,63.57
	Ratio	10.64%	-49.34%
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CIN: U74999MH1957GOI010918

Annexure 2 to Schedule 17

#### Analytical Ratios for the period ended on 31st March 2022

Sl. No	Particular	31 March 2022	31 March 2021
12	Operating Profit Ratio		
	Underwriting Profit	93,85,34.67	(408,18,13.48)
	Investment Income	587,96,60.09	566,17,10.29
	Other Income in Revenue account	3,06,12.44	1,10,74.60
	Operating Profit	684,88,07.20	159,09,71.41
	Net Earned Premium	882,16,36.22	827,30,63.57
	Ratio	77.64%	19.23%
13	Liquid assets to liabilities ratio: (Liquid assets of the insurer divided by		
13	the policy holders' liabilities) (Times)		
	Liquid Assets	2894,82,20.66	2914,79,68.45
	Policy Holder Liabilities	7752,48,78.70	7633,03,62.24
	Ratio (Times)	0.37	0.38
14	Net earnings ratio		
	Profit After Tax	875,16,19.85	460,30,48.96
	Net Premium	902,00,40.54	862,32,31.91
	Ratio	97.02%	53.38%
15	Return on net worth		
	Profit After Tax	875,16,19.85	460,30,48.96
	Net Worth	7840,88,49.12	6365,22,29.27
	Ratio	11.16%	7.23%
16	Available Solvency to Required Solvency margin Ratio (Times)		
	Available Solency Margin	7178,75,33.00	5745,67,36.00
	Required Solvency Margin	238,91,28.90	298,40,97.90
	Ratio (Times)	30.05	19.25
17	NPA Ratio		
	Investment:	0.681%	0.787%
	Factoring:	83.69%	93.53%

Ratios for the Current Year & Previous Year calculated as per IRDA's Master circular IRDA/F&I/CIR/F&A/231/10/2012 dated 5th October 2012 and corrigendum IRDA/F&A/CIR/FA/126/07/2013 issued dated 3rd July2013 effective from FY 2013-14.

(M SENTHILNATHAN)

Chairman cum Managing Director DIN - 07376766 (DEVESH SRIVASTAVA)

Director DIN - 08646006

(A SAKTHIVEL) (AMIT KUMAR AGARWAL)

(PRATIBHA KUSHWAHA)
Director

 Director
 Director
 Director

 DIN - 00027485
 DIN - 05333909
 DIN I 09395541

(SUNIL JOSHI) Executive Director DIN - 08778530 (NIRDOSH CHOPRA) Chief Financial Officer (SMITA PANDIT)
Company Secretary

As per our report of even date attached

For abm & associates LLP

For SNK & Co.

Chartered Accountants
Firm Registration No. 105016W/W-100015

Chartered Accountants Firm Registration No. 109176W

(ANIL CHIKODI)
Partner - M.No. 107659
Pune

(ANKIT D. DANAWALA)

Partner - M.No. 119972

Place : Mumbai Dated : 25th May, 2022

CIN: U74999MH1957GOI010918

Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders as on 31-March-2022

Annexure 3(A) to Schedule 17 Amount in ₹ '000

						AGE-WISE	AGE-WISE ANALYSIS			
SI. No	Particulars	Total Amount	0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	37-120 months	More than 120 months
	Claims settled but not paid to the policyholders/ beneficiaries due to any reasons except under litigation from the policyholders/ beneficiaries	1		•	1	-	1	1	•	1
2	Sum due to the policyholders/ beneficiaries on maturity or otherwise		•	-		-	•		-	1
es es	Any excess collection of the premium / tax or any other charges which is refundable to the policyholders/beneficiaries either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	98,31.68	2,35.96	8,69.49	2,33.07	31,40.06	1	43.38	53,09.72	
4	Cheques issued but not encashed by the policyholder/beneficiaries	55,18.65	97.26	5,42.28	3.59	1,80.06	24.87	14,05.12	31,29.21	1,36.26
	Total	1,53,50.33	3,33.22	14,11.77	2,36.66	33,20.12	24.87	14,48.50	84,38.93	1,36.26

Cheques issued but not encashed under point no 4 above includes only the amount on account of cheques issued whose validity has expired. In respect of other cheques but not cleared, the management is of the opinion that the policyholder is legally entitled to encash the cheque anytime till the validity of cheque. Accordingly the amount of such cheques need not be classified as unclaimed. Note:

# CIN: U74999MH1957GOI010918

# Details of Unclaimed Amounts and Investment Income thereon as on 31-March-2022

Annexure 3(B) to Schedule 17 Amount in ₹ '000

	Current Yes	ar (2021-22)	Previous Ye	ar (2020-21)
Particular	<b>Policy Dues</b>	Income Accrued	<b>Policy Dues</b>	Income Accrued
Opening Balance	1,50,69.05	34,69.27	1,51,38.81	31,86.08
Add: Amount transferred to Unclaimed Fund	3,74.85	-	10,88.40	-
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	6,63.53	-	3,13.27	-
Add: Investment Income on Unclaimed Fund	-	6,18.88	-	4,27.04
Less: Amount of claims paid during the quarter	4,06.74	10.48	9,34.50	18.03
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	3,50.35	90.29	5,36.93	1,25.82
Closing Balance of Unclaimed Amount Fund	1,53,50.33	39,87.39	1,50,69.05	34,69.27

#### ECGC Limited CIN: U74999MH1957GOI010918

Receipts & Payments Account / Cash Flow Statement - (Direct Method) for the year ended 31st March 2022

(₹ '000) 2020-21 2021-22 Particulars CASH FLOW FROM OPERATING ACTIVITY 1186,37,51.21 1086,95,13.07 Premium received from policyholder including advance receipts Other Receipts / Recoveries / Fees 89,74,01.73 108,23,09.82 (16,56,82.62) Payments to reinsurers net of commission and claims (687,20,43.27) (1046,74,05.69) Payments of Claims Payments of Commission & Brokerage (8,85,84,13) (8,70,30.21) Payments of Other operating expenses (376,47,79.28) (251,74,14.42) Deposits, Advances & Staff Loan (4.46.46.09)(5,80,41.70)(289, 45, 45, 68) (69,00,00,00) Income Tax Paid (Net) (2,71,42.49) (3,27,22.93) GST Paid (8,77,87.62) Other Payments/Collection (net) (45,56,47.27) (155,19,17.89) (174,20,21.42) Cash Flow before extra ordinary items 11 Cash Flow from extra ordinary operations (155,19,17,89) (174,20,21,42) Net Cash Flow from Operating Activities (A) CASH FLOW FROM INVESTING ACTIVITIES R (18,76,80.27) (21,94,79.46) Addition to Fixed Assets (including capital work in progress) Proceeds from Sale of Fixed Assets 63,98.46 9,10.43 Net of Purchase and Sale of Investments (946,03,87.40) (582,92,08.19) Rent / Interest / Dividends Received 948,01,73.70 861,14,52.41 Investments in money market instruments and in liquid mutual funds (72,71.07) Expenses related to investments (22 16 42) Net Cash Flow from Investing Activities (B) (16,37,11.93)255,64,04.12 CASH FLOW FROM FINANCING ACTIVITIES 760,00,00.00 390,00,00.00 Proceeds from issuance of share capital (159,50,00.00) Interest / Dividend paid Dividend Distribution Tax 600,50,00.00 390,00,00.00 Net Cash Flow from Financing Activities (C) D (4,19.62) (3,52.78)Effect of foreign exchange rates on Cash and Cash equivalents, net Net Cash Flow (A+B+C+D) 428,89,50.56 471,40,29.92 Net increase in Cash and Cash equivalents: 1551,46,00.97 1080,05,71.05 -- at the beginning of the year at the end of the year 1980,35,51.53 1551,46,00.97 Change in Cash and Cash equivalent 428,89,50.56 471,40,29.92

(M SENTHILNATHAN)
Chairman cum Managing Director
DIN - 07376766

(DEVESH SRIVASTAVA)

Director DIN – 08646006

 (A SAKTHIVEL)
 (AMIT KUMAR AGARWAL)
 (PRATIBHA KUSHWAHA)

 Director
 Director
 Director

 DIN - 00027485
 DIN - 05333909
 DIN - 09395541

(SUNIL JOSHI) (NIRDOSH CHOPRA) (SMITA PANDIT)
Executive Director Chief Financial Officer Company Secretary
DIN - 08778530

As per our report of even date attached

For abm & associates LLP For SNK & Co.

Chartered Accountants

Firm Registration No. 105016W/W-100015

Firm Registration No. 109176W

(ANIL CHIKODI) Partner - M.No. 107659 Pune (ANKIT D. DANAWALA)
Partner - M.No. 119972

Place: Mumbai Dated: 25th May, 2022



MANAGEMENT REPORT AS REQUIRED IN PART IV OF SCHEDULE 'B' OF INSURANCE REGULATORY & DEVELOPMENT AUTHORITY OF INDIA (PREPARATION OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT INSURANCE COMPANIES) REGULATION 2002.

- 1. We confirm that the registration granted by the Insurance Regulatory & Development Authority of India is valid during the year. The same was renewed for the year 2021-22.
- 2. We confirm that all dues payable to the statutory authorities have been duly paid / provided for.
- 3. We confirm that the shareholding pattern and transfer of shares are in accordance with statutory and regulatory requirements.
- 4. We confirm that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
- 5. We confirm that required solvency margins have been maintained.
- 6. We certify that the value of all the assets have been reviewed on the date of the Balance Sheet and in the best of our belief the assets set forth in Balance Sheet are shown in the aggregate amounts not exceeding their realisable or market value under several headings "Loans', 'Investments', 'Sundry Debtors', 'Cash', and the several items specified under 'Current Assets'.
- 7. The overall exposure of the Company is ₹103879,88,43 thousands against the enhanced Maximum Liability of ₹150000,00,00 thousands by Ministry of Commerce & Industry vide letter dated 09.03.2022.
- 8. We do not have any overseas operations.
- 9. Ageing of claims outstanding during the preceding five years is as per **Annexure I**.
- 10. Ageing of claims indicating the trend in average claims settlement time during the preceding five years is as per **Annexure II**.
- 11. We certify that the Investments have been valued according to the guidelines issued by Insurance Regulatory and Development Authority of India.
- 12. All Investment assets are reviewed periodically and assets are classified into performing and non-performing based on IRDAI norms.
- 13. We hereby confirm:
  - a. That in preparation of financial statements, the applicable accounting standards, principles and policies has been followed.
  - b. That the management has adopted accounting policies and applied them consistently, apart from changes made as per IRDAI Regulations, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating profit and net profit of the Company for the year.

- c. That the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) and Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the management has prepared the financial statements on a going concern basis.
- e. That the management has ensured that the internal audit system commensurate with the size and nature of business exists and is operating effectively.
- 14. There are no payments made to individual firms, companies and organizations in which Directors of the Company are interested except the transactions carried out in the ordinary course of business.

For ECGC Limited.

(M SENTHILNATHAN)

Chairman cum Managing Director DIN – 07376766

(DEVESH SRIVASTAVA)

Director DIN - 08646006

(A SAKTHIVEL)

Director DIN - 00027485 (AMIT KUMAR AGARWAL)

Director DIN - 05333909

(PRATIBHA KUSHWAHA)

Director DIN – 09395541 (SUNIL JOSHI)

Executive Director DIN - 08778530

Place: Mumbai

Date : 25<sup>th</sup> May, 2022

# Annexure I

# Ageing of Claim outstanding as on Financial Years

(≅,000)

		2021-22		2020-21		2019-20		2018-19		2017-18
Period	No.	Amount Involved	No.	Amount Involved	No.	Amount Involved	No.	Amount Involved	No.	Amount Involved
30 Days	08	111,06,18.22   107	107	105,22,75.43   102	102	144,39,15.20   137	137	433,26,82.28   152	152	222,40,53.78
30 Days to 6 Months   149	149	452,50,16.77   322	322	514,08,48.88 377	377	618,84,38.87   330	330	1511,19,49.84   257	257	912,16,99.19
6 Months to 1 Year	93	239,05,30.53   150	150	262,34,73.89 200	200	775,84,21.04 84	84	761,31,39.08 84	84	730,94,48.66
1 year to 5 years	63	334,26,02.09 111	111	658,87,57.42   132	132	1028,84,36.72 35	35	545,58,38.80	09	429,14,12.50
5 years & above	3	15,28,70.97	ı	1	ı	I	ı	ı	ı	1
Total	388	1152,16,38.58   690	069	1540,53,55.62 811	811	2567,92,11.83   596	969	3251,36,10.00 553	553	2294,66,14.13

# Annexure II

# Ageing of Claim settlement during Financial Years

(≤,000)

		2021-22		2020-21		2019-20		2018-19		2017-18
Period	No.	Amount Involved								
30 Days	51	11,89,46.04	46	8,29,16.25 41	41	7,05,56.70 48	48	8,36,74.42	62	20,10,79.22
30 Days to 6 Months   329	329	142,32,75.88   430	430	257,86,14.47   424	424	184,52,13.31   538	238	313,44,99.37   481	481	262,48,56.37
6 Months to 1 Year	223	258,49,51.22   177	177	168,36,24.40	77	154,75,50.96 88	88	292,01,80.79	91	847,69,72.78
1 year to 5 years	78	274,48,70.13   81	81	612,22,50.57   11	11	62,08,00.65 51	51	399,47,17.13	27	152,87,47.54
5 years & above	-	1	1	1	-	-	-	-	ı	ı
Total	681	687,20,43.27 734	734	1046,74,05.69 553	553	408,41,21.62 725	725	1013,30,71.71 678	829	1283,16,55.91

\*The Company operates in single segment 'Export Credit Insurance'. Hence no segmental reporting is provided.

# भारत के नियंत्रक और महालेखा परीक्षक की टिप्पणी

Comments of C&AG

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ECGC LIMITED FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of ECGC LIMITED for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of ECGC LIMITED for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the Comptroller & Auditor General of India

(P. V. Hari Krishna) Principal Director of Audit (Shipping), Mumbai

Place: Mumbai Date: 27.07.2022

# स्वतंत्र लेखा परीक्षकों की रिपोर्ट Independent Auditors' Report

abm & associates LLP Chartered Accountants Office No 210, Plot No 9, Shah Heritage, Sector 42A, Opp. D Mart, Seawoods West, Thane - 400706 SNK & Co. Chartered Accountants 303, 3<sup>rd</sup> Floor, Konark Shram Building, 156, Tardeo, Mumbai – 400034

#### INDEPENDENT AUDITORS' REPORT

To,
The Members of ECGC Limited,

# **Report on Audit of Financial Statements**

### **Opinion**

We have audited the financial statements of the ECGC Ltd. ("the Company") which comprise of the Balance Sheet as at March 31, 2022, the Revenue Account, the Profit and Loss Account, the Cash Flow Statement (Receipts and Payments Account) for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, in which are incorporated returns of Forty six branches and Five regional offices situated in India out of which Forty five branches and Five regional offices audited by branch auditors appointed by Comptroller and Auditor General of India, New Delhi.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority of India Act, 1999 ("IRDAI") and the regulations made thereunder and the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 in so far as it relates to:

- i. In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2022
- ii. In the case of Revenue Account, of the surplus for the year ended on that date;
- iii. In the case of Profit and Loss Account, of the Profit for the year ended on that date;
- iv. In the case of Cash Flow Statement (Receipts and Payments Account), of the receipts and payments during the year ended on that date.

# **Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under provision of Act and the Rules made

thereunder, the Insurance Act, 1938, the Insurance Regulatory and Development Authority of India Act, 1999 and the regulations made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

# **Emphasis of Matter**

We draw attention to the following:

- a. Note no. 3(a) to Schedule 17 regarding properties where registration formalities with appropriate authorities have not been completed and properties where agreements are lost/presently not available with the Company, though the Company is in possession of original share certificates which vests with the Company, with legal ownership of the properties.
- b. Note no. 4 (d) to Schedule 17 regarding amount receivable from Reinsurance Company, which is outstanding since June 2014.
- c. Note No.12 to Schedule 17 which explains the uncertainties and the management's assessment of the financial impact and the solvency position due to the lockdown and other restrictions imposed by the Government and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in the subsequent period. In this respect, the management has not separately disclosed the financial impact of COVID-19, but the Appointed Actuary has certified that the Provision of liabilities in respect of claims 'Incurred But Not Reported' (IBNR) and 'Incurred But Not Enough Reported' (IBNER) includes the impact of covid on financial statement of the company.
- d. Note No. 5 (b) and 23 to Schedule 17 regarding the Actuarial Valuation of liabilities in respect of claims Incurred But Not Reported (IBNR), Incurred But Not Enough Reported (IBNER) and Premium Deficiency as at 31<sup>st</sup> March, 2022 which is the responsibility of the Corporation's Appointed Actuary ('the Appointed Actuary'). The Appointed Actuary has duly certified the actuarial valuation of these liabilities IBNR, IBNER and Premium Deficiency as at March 31, 2022 and in her opinion the assumptions considered by her for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's Certificate in this regard for forming our opinion on the Financial Statements of the Company.

Our opinion is not modified in respect of these matters.

# Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matters to those charged with governance and determine the actions under the applicable laws and regulations.

# Management's Responsibility and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Insurance Act 1938 as amended by the Insurance Laws (Amendment) Act, 2015 ('the Insurance Act'), the Insurance Regulatory and Development Authority Act, 1999 ('the IRDAI Act'), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the IRDAI Financial Statements Regulations), the Companies Act, 2013 ('the Act') including the Accounting Standard specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with Insurance Act 1938, the Insurance Regulatory and Development Authority of India Act, 1999 and the provisions of the Act for safeguarding of the assets of the Company 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

# Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the financial statement that, individually or in aggregate, makes it probable that the economic decisions of reasonably knowledgeable user of the financial statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matter**

We did not audit the financial statements/information of Forty-six branches (including Guwahati sub Office) and Five regional offices included in the financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 2124,82,96.72 thousand as at 31<sup>st</sup> March, 2022, total operating revenues in terms of Premium of Rs. 1086,29,25.46 thousand and Claims paid of Rs. 681,33,02.07 thousand for the year ended on that date, as considered in the financial statements. The financial statements / information of Forty-five branches and Five regional offices have been audited by the branch auditors, whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matters.

# Report on Other Legal and Regulatory Requirements

- a) The financial statements as at March 31, 2022 have been prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority of India Act, 1999 and the regulations made thereunder and the Companies Act, 2013.
- b) As required by the Regulations, we have issued a separate certificate on May 25, 2022 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDAI Financial Statements Regulations.
- c) This report does not include a statement on the matters specified in paragraph 3 of the Companies (Auditors' Report) order 2020, ("the order"), issued by the Central Government of India in terms of section 143(11) of the Act, since in our opinion and according to the information and explanation given to us, the Order is not applicable to the Company.

# As required by section 143(3) of the Act, we report that;

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, and to the best of our information and according to the explanations given to us, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books and proper returns (audited/certified) have been received from the Forty-six branches and Five regional offices, not visited by us;
- c) The reports on the accounts of the Forty-five branches and Five regional offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us, have been properly dealt with by us in preparing this report;
- d) The balance sheet, the revenue account, the statement of profit and loss, and the cash flow statement (Receipts and Payments Account) dealt with by this Report are in agreement with the books of account and returns received from the branches not visited by us;
- e) In our opinion financial statements of the Company comply with the Accounting Standards specified under section 133 of the Act.

- f) Being a Government Company, pursuant to the Notification No. G.S.R 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, provisions of sub-section (2) of section 164 of the Companies Act, 2013, are not applicable to the Company.
- g) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over the financial statements.
- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 21 to Schedule 17 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. (a) The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested by the company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by or in behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiary.
    - (b) The management has represented that, to the best of it's knowledge and belief, no funds have been received by the company from any person(s) or entity(ies) including foreign entities ("Funding Parties") with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiary.
    - (c) In our opinion based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under the sub-clause (a) and (b) above contain any material misstatement.
  - v. The dividend declared or paid during the year by the company is in compliance with section 123 of Companies Act, 2013.

With regards to the Directions issued by the Comptroller and Auditor General of India u/s 143(5) of the Companies Act, 2013, based on our audit, we report hereunder on the action taken and the financial impact on the accounts of the financial statements of the Company:

S.No.	DIRECTIONS	ANSWER
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the	<ul> <li>i) The Company has system in place to process all the accounting transactions through IT systems except for the following:-</li> <li>Working of Reinsurance Business,</li> </ul>
	financial implications, if any, may be stated.	Depreciation Working of Fixed Assets and Factoring.  Though manual controls are available, they may not suffice and Reinsurance, Fixed Assets and Factoring are also required to be routed through system.
		• Investment software is not integrated with the main IT system, and the final Trial Balance of Investment Department is manually incorporated in the main trial balance, maintained in IT system for consolidation.
		Though the Company has control at the time of incorporation of the Investment Trial Balance in the Main Trail Balance, it may not suffice and Investment Software should also be merged with the main IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	Not Applicable as the Company has not borrowed any money nor it has lend any money to other company.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes, funds received from central government, in the form of share capital were properly accounted for/ utilized as per its term and conditions.

With respect to additional directions issued by Comptroller and Auditor General of India u/s 143(5) of the Companies Act, 2013, based on our audit, we report hereunder on the action taken and the financial impact on the accounts of the financial statements of the Company:

S.No.	ADDITIONAL DIRECTIONS	ANSWER		
1.	Number of titles of ownership in respect of CGS/SGS/Bonds/ Debentures etc. available in physical/ DEMAT form and out of these number of cases which are not in agreement with the respective amounts shown in the Company's books of accounts may be verified and discrepancy found may be suitably reported.	All the investments in CGS/SGS are held with RBISGL Account and have been verified with records and no discrepancies have been found. Two Central Government Securities have been kept with CCIL for secondary market operations of Government Securities and TREPS operations & further one Central Government Securities is kept with National Stock Exchange, towards margin requirement against equity operations, for which we have obtained the necessary certificates.		
		Bonds/Debentures are held in DEMAT account with the ICICI Bank (custodian). All securities have been verified with the underlying records and no discrepancies have been found.		
2.	Whether stop loss limits have been prescribed in respect of the investments. If yes, whether or not the limit was adhered to. If no, details may be given.	As informed by the Management of the Company, its entire investment Portfolio is under HTM (Held-to-Maturity) / AFS (Available-for-Sale) category. Company is not having trading portfolio.  Accordingly, Company is not having stop loss policy / stop loss limits.		

for abm & associates LLP Chartered Accountants Firm Registration No. 105016W/W-100015	for SNK & Co. Chartered Accountants Firm Registration No. 109176W
(Anil Chikodi)	(Ankit D. Danawala)
Partner	Partner
Membership No. 107659	Membership No. 119972
Place : Pune	Place : Mumbai
Date : 25/05/2022	Date : 25/05/2022
UDIN: 21107659AAAAEV2222	UDIN: 21038292AAAACN1909

abm & associates LLP Chartered Accountants Office No 210, Plot No 9, Shah Heritage, Sector 42A, Opp. D Mart, Seawoods West, Thane - 400706 SNK & Co. Chartered Accountants 303, 3<sup>rd</sup> Floor, Konark Shram Building, 156, Tardeo, Mumbai – 400034

#### INDEPENDENT AUDITORS' CERTIFICATE

(Referred to in paragraph (b) under "Report on other legal and regulatory requirements" forming part of our Independent Auditors' Report dated May 25<sup>th</sup>, 2022)

To,

The Members of ECGC Limited,

### Report on other legal and regulatory requirements

1. This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C to the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, read with regulation 3 of the Regulations in respect of financial statements as at 31.03.2022, of ECGC Ltd ("the Company"), Mumbai.

# **Management Responsibility**

2. The Company's Board of Directors is responsible for complying with the provisions of Companies Act, 2013, Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations") and orders/ circulars issued by Insurance Regulatory and Development Authority of India (IRDAI) which includes the preparation and maintenance of books of accounts and the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of Internal Controls suitable for ensuring compliance as aforesaid.

# **Auditors' Responsibility**

- 3. Pursuant to the requirements of the Regulations, it is our responsibility to obtain reasonable assurance and form an opinion based on our audit and examination of books and records as to whether the Company has complied with the matters contained in paragraphs 3 and 4 of Schedule C of the Regulations read with Regulation 3 of the Regulations.
- 4. We audited financial statements of the Company as of and financial year ended March 31, 2022 on which we issued an unmodified audit opinion vide our audit report dated May 25, 2022. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed

in connection with any transactions to identify matters that may be of potential interest to third parties.

- 5. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the ICAI. The Guidance note requires that we comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.
- 6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC)-1, Quality control for Firms that performs audits and reviews of Historical Financial Information and Other Assurance and Related service engagements.

# **Opinion**

- 7. In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of accounts and other records maintained by the ECGC Ltd., for the year ended March 31, 2022, we certify that:
  - a) We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2022 and on the basis of our review, there are no apparent mistakes or material inconsistencies between the Management Report and the standalone financial statements.
  - b) Based on management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, nothing has come to our attention that causes to believe that the Company has not complied with the terms and conditions of the registration stipulated by IRDA.
  - c) We have verified the cash balances (except of the branches where audits were conducted by the concerned branch auditors and the cash balances were verified by the concerned auditors and securities relating to the loans and investments made by the company by actual inspection or by production of certificates/confirmations received from the Custodian and/or Depository Participants appointed by the Company or the other documentary evidences.
  - d) To the best of the information and explanation given to us and as per the representation made by the Company, Investments have been valued in accordance with the provisions of the Insurance Act and its regulations;
  - e) To the best of the information and explanation given to us and as per the representation made by the Company, the Company is not a trustee of any trust; and
  - f) The Company has bifurcated shareholders' funds and policyholders' funds based on the nature of items as per the last Balance Sheet and accordingly the income has been segregated in Revenue Account and Profit and Loss Account. Since no separate accounts relating to shareholders and policyholders have been maintained in terms of Section 11(1B) of the Insurance Act, 1938 and since such information is not available at the branches, the application of the funds is therefore not verifiable from the available records. Based on the verification of the books of the account and based on the information and explanation given to us and on a review of the available records,

we have not come across with the cases where any part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

for abm & associates LLP Chartered Accountants

Firm Registration No. 105016W/W-100015

for SNK & Co.
Chartered Accountants
Firm Registration No. 109176W

(Anil Chikodi) Partner Membership No. 107659

Place: Pune Date : 25/05/2022

**UDIN: 21107659AAAAEV2222** 

(Ankit D. Danawala) Partner Membership No. 119972

Place: Mumbai Date : 25/05/2022

UDIN: 21038292AAAACN1909

abm & associates LLP Chartered Accountants Office No 210, Plot No 9, Shah Heritage, Sector 42A, Opp. D Mart, Seawoods West, Thane - 400706 SNK & Co. Chartered Accountants 303, 3<sup>rd</sup> Floor, Konark Shram Building, 156, Tardeo, Mumbai – 400034

# "Annexure-A" to the Independent Auditors' Report

# Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls of **ECGC Limited** ("the Company"), as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

# Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

# **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

# Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:-

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and;
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Other Matter**

The actuarial valuation of liability in respect of Claims Incurred but not Reported (IBNR), Incurred But Not Enough Reported (IBNER) and Premium Deficiency as at March 31, 2022 is as certified by the Company's Appointed Actuary and has been relied upon by us as mentioned in our audit report on the financial statements for the year ended on March 31, 2022. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the operating effectiveness of the management's internal controls over the valuation and accuracy of the aforesaid actuarial valuation.

# **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for abm & associates LLP for SNK & Co.

Chartered Accountants Chartered Accountants

Firm Registration No. 105016W/W-100015 Firm Registration No.109176W

(Anil Chikodi) (Ankit D. Danawala)

Partner
Membership No. 107659
Partner
Membership No. 119972

Place: Pune Place: Mumbai
Date: 25/05/2022 Date: 25/05/2022

UDIN: 21107659AAAAEV2222 UDIN: 21038292AAAACN1909





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(भारत सरकार का उद्यम)

पंजीकृत कार्यालय, एक्सप्रेस टावर्स, 10 वीं मंजिल, नरीमन पाईन्ट, मुंबई - 400 021 टेली: 6659 0500 / 6659 0510 • वेबसाइट: www.ecgc.in

IRDA Regn. No. 124

आप निर्यात पर ध्यान केंद्रित करें, हम जोखिम से रक्षा प्रदान करेंगे.

# **ECGC Limited**

(A Government of India Enterprise)

Registered Office: Express Towers, 10th Floor, Nariman Point,

Mumbai - 400 021, India. Tel: 6659 0500 / 6659 0510 • Website: www.ecgc.in

CIN No. U74999MH1957GOI010918

You focus on exports. We cover the risks.