

# 62

वीं वार्षिक रिपोर्ट  
and Annual Report  
2019 - 2020



ईसीजीसी लिमिटेड  
ECGC Limited

प्रत्यक्ष संभावनाएं  

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OPPORTUNITY  
UNLOCKED



# ECGC LIMITED

## Annual Report for the FY 2019-20

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# Part A



**BOARD OF DIRECTORS**

1. Shri M Senthilnathan,  
Chairman-cum-Managing Director, ECGC Limited
2. Shri Bidyut Behari Swain,  
Special Secretary, Department of Commerce,  
Ministry of Commerce & Industry (up to November 04, 2020)
3. Shri K. Rajaraman,  
Additional Secretary, Department of Economic Affairs,  
Ministry of Finance
4. Shri Amitabh Kumar,  
Joint Secretary, Department of Commerce,  
Ministry of Commerce & Industry (DIN is being obtained)
5. Shri Shirish Chandra Murmu,  
Executive Director, Reserve Bank of India
6. Shri David Rasquinha,  
Managing Director, EXIM Bank
7. Shri Rajnish Kumar,  
Chairman, State Bank of India (up to October 06, 2020)
8. Shri Devesh Srivastava,  
Chairman-cum-Managing Director, GIC
9. Shri Sharad Kumar Saraf,  
President, Federation of Indian Export Organisations
10. Shri Sunil Joshi,  
Executive Director (Policy Matters), ECGC Limited

**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, 10<sup>th</sup> 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 Shivaji Narvekar
3. Shri Ishnath Jha
4. Shri Sristiraj Ambastha
5. Shri Subir Kumar Das
6. Shri Nirdosh Chopra

### **DEPUTY GENERAL MANAGERS**

1. Shri Balbir Singh Maan	8. Shri Gaurav Anshuman
2. Smt Smita V Pandit	9. Shri R Subramanian
3. Shri N Subramanian	10. Shri Yashwant B Breed
4. Shri Abhishek Kumar Jain	11. Smt Arpita Sen
5. Shri Anand Singh	12. Shri Y. Sudheer
6. Shri R K Pandian	13. Shri Subhash Chandra Chahar
7. Shri Kumar Anshuman	14. Shri Niraj Gupta



## PERFORMANCE HIGHLIGHTS - PAST DECADE

YEAR	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>VALUE OF BUSINESS COVERED</b>										
Short Term Policies	215021.77	198872.00	177349.00	172788.00	135871.97	133983.00	131344.00	126100.00	119621.00	93127.40
Short Term ECIB	341826.72	455267.00	456684.00	448604.00	127534.80	138555.00	138150.00	133251.00	120119.00	331758.00
Medium & Long Term Covers	4757.37	5787.00	7415.57	6027.26	5979.06	7652.00	9762.82	10160.30	6886.48	7002.65
<b>Total</b>	<b>561605.86</b>	<b>659926.00</b>	<b>641448.57</b>	<b>627419.26</b>	<b>269385.83</b>	<b>280190.00</b>	<b>279256.00</b>	<b>269512.00</b>	<b>246626.00</b>	<b>431888.00</b>
<b>PREMIUM INCOME</b>										
Short Term Policies	405.11	412.26	367.95	359.99	382.99	383.87	388.57	360.68	355.89	333.66
Short Term ECIB	644.78	806.83	843.21	881.07	910.64	942.29	869.68	751.72	601.82	510.57
Medium & Long Term Covers	25.52	28.45	29.25	26.56	27.10	36.24	45.48	44.85	47.12	41.23
<b>Total</b>	<b>1075.41</b>	<b>1247.54</b>	<b>1240.41</b>	<b>1267.62</b>	<b>1320.73</b>	<b>1362.40</b>	<b>1303.73</b>	<b>1157.25</b>	<b>1004.83</b>	<b>885.46</b>
<b>CLAIMS PAID</b>										
Short Term Policies	146.76	168.13	136.70	206.85	127.32	126.98	109.29	113.69	87.03	160.90
Short Term ECIB	261.64	813.39	1131.47	655.50	995.52	462.85	639.55	396.61	626.00	459.63
Medium & Long Term Covers	0.00	31.79	14.99	22.99	0.00	0.00	148.65	38.20	0.00	0.00
<b>Total</b>	<b>408.40</b>	<b>1013.31</b>	<b>1283.16</b>	<b>885.34</b>	<b>1122.84</b>	<b>589.83</b>	<b>897.49</b>	<b>548.50</b>	<b>713.03</b>	<b>620.53</b>
<b>RECOVERIES MADE</b>										
Short Term Policies	10.21	21.47	18.55	9.77	7.80	9.61	5.76	7.40	6.31	9.27
Short Term ECIB	156.17	129.36	166.39	109.76	106.06	142.52	144.53	104.71	152.59	110.65
Medium & Long Term Covers	0.06	0.00	0.67	19.14	0.18	8.02	8.02	8.42	9.74	16.14
<b>Total</b>	<b>166.44</b>	<b>150.83</b>	<b>185.61</b>	<b>138.67</b>	<b>114.04</b>	<b>160.15</b>	<b>158.31</b>	<b>120.53</b>	<b>168.64</b>	<b>136.06</b>

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 MBEs 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.

\*\*\*\* The estimation has been done in compliance of the instruction of the Department of Economic Affairs, Ministry of Finance. The estimates are based on data sourced from RBI and considering the fact that 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.



# निदेशकों की रिपोर्ट

Directors'  
Report



## DIRECTORS' REPORT

Dear Members,

The Directors of ECGC Limited (ECGC) are pleased to present the 62<sup>nd</sup> Annual Report of the Company, together with the audited financial statements, for the Financial Year (FY) ended on March 31, 2020.

### FINANCIAL HIGHLIGHTS

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

(₹ In lakh)

Particulars	2019-20	2018-19
Turnover (Gross Premium)	107547.40	124754.26
Profit Before Finance Charges, Tax, Depreciation/ Amortization (PBITDA)	40454.24	31875.60
Less : Finance Charges	-	-
Profit Before Depreciation/ Amortization (PBTDA)	40454.24	31875.60
Less : Depreciation	452.35	436.80
Net Profit Before Taxation (PBT)	40001.89	31438.80
Provision for Taxation	7617.92	7000.53
Profit/(Loss) After Taxation (PAT)	32383.97	24438.27

During the FY 2019-20, the total claims paid by the Company amounted to ₹408.41 crore against ₹1013.31 crore in the previous FY. After adjusting for reinsurers share, recoveries and provisions, the incurred claim decreased for the FY 2019-20 to ₹958.62 crore against ₹1141.16 crore for the previous FY. Investment and other income have increased to ₹883.16 crore in FY 2019-20 from ₹876.47 crore in the previous FY reflecting a growth of 0.76%.

The Gross Premium earned by the Company during the FY 2019-20 was ₹1075.47 crore against ₹1247.54 crore during the previous FY registering a negative growth of 13.79%. Post adjustment of Reinsurance Cession and Reserve for un-expired risks, the premium earned (Net) for the FY 2019-20, decreased to ₹831.16 crore, against ₹854.42 crore for the previous FY registering negative growth of 2.72%.

### **PROFITS AND APPROPRIATIONS**

During the FY 2019-20, total income from operations was ₹1350.65 crore which was around the same level of achievement in the previous FY at ₹1349.84 crore. During the FY 2019-20, the Company posted an Operating Profit of ₹86.91 crore compared to an Operating Loss of ₹42.77 crore during the previous FY. During the FY 2019-20, Profit Before Tax (PBT) was ₹400.02 crore, against ₹314.39 crore in the previous FY. After providing ₹76.18 crore towards income tax and prior period adjustments, Profit After Tax (PAT) available for appropriation in the FY 2019-20 was ₹323.84 crore, against ₹244.38 crore in the previous FY.

### **DIVIDEND**

In terms of the IRDAI circular No. IRDA/F&A/CIR/MISC/089/04/2020 dated 13/04/2020 and the resolution approved by the Board at its 426th meeting held on 15/05/2020, no dividend for the FY 2019-20 is proposed.

### **RESERVES**

The Board, at its 427<sup>th</sup> Meeting, held on August 21, 2020, proposed to transfer ₹323.84 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, 2020 the Company's Net Worth was ₹5214.92 crore (₹4463.41 crore as on March 31, 2019), comprising Paid-up Share Capital of ₹2500 crore (including ₹500 crore received from the Central Government by way of fresh infusion of capital during FY 2019-20) and Reserves and Surplus of ₹2714.92 crore. During the FY 2020-21, up to the date of this report, the Company has further issued and allotted 3,60,00,000 (Three crore sixty lakh) fully paid-up Equity Shares of ₹100 each for cash at par in favour of the President of India against the receipt of ₹300,00,00,000 (Rupees three hundred crore only), ₹10,00,00,000 (Rupees ten crore only) and ₹50,00,00,000 (Rupees fifty crore only) on March 26, 2020, on July 30, 2020 and August 19, 2020 respectively. The Paid-up Share Capital as of August 21, 2020 is ₹2860 crore (Rupees two thousand eight hundred sixty 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 2019-20 there was no change in the Memorandum of Association of the Company.

## **SOLVENCY MARGIN**

The Solvency Ratio as on March 31, 2020 is 15.02 times against the Insurance Regulatory and Development Authority of India (IRDAI) norm of 1.5 times. The details are as under:

<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
Required Solvency Margin (RSM) under Regulations (₹in crore)	323.84	377.78
Available Solvency Margin (ASM) (₹in crore)	4865.09	3929.71
Solvency Ratio (Total ASM / RSM) (Times)	15.02	10.40

## **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, remains unchanged at ₹1,00,000 crore as of March 31, 2020. The ML as on March 31, 2020 was ₹98,601.60 crore.

## **INTRODUCTION OF NEW PRODUCTS**

In the FY 2019-20, no new product was introduced by the Company.

## **INVESTMENT**

The investments of the Company have been 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

2019-20 stand at 27.22% (previous FY 21.16%) against the IRDAI norm of 29.24%.

<b>Miscellaneous Group / Corporate</b>			
			<b>(₹ In crore)</b>
<b>Part of the total Gross Premium of the insurer written in India</b>	<b>Premium</b>	<b>Percentage of Premium</b>	<b>Allowable Expenses</b>
First	200.00	35.00%	70.00
Next	150.00	30.00%	45.00
The Balance	725.47	27.50%	199.51
<b>Total Written Premium in India</b>	<b>1075.47</b>		<b>314.51</b>
<b>% of Allowable Expenses</b>			<b>29.24</b>

#### **NATIONAL EXPORT INSURANCE ACCOUNT TRUST (NEIA)**

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 duration (MLT) high-value projects which are desirable from the point of view of national interest. The Trust has an underwriting corpus of ₹3,220.39 crore as of March 31, 2020. The underwriting capacity of the Trust is ₹ 64,407.80 crore of which 25% amounting to ₹16,101.95 crore has been earmarked for supporting MLT covers issued by the Company. Risk in respect of 248 covers issued supporting 151 projects in 39 countries has been shared with NEIA to the extent of ₹10,687 crore. Balance 75% of ₹64,407.80 crore amounting to ₹48,305.85 crore is earmarked for the Buyer's Credit scheme of the NEIA Trust (BC-NEIA). As of March 31, 2020, the Trust has issued 22 Buyer's Credit covers with an aggregate Maximum Liability of ₹19,464 crore for 22 projects in 13 countries viz Sri Lanka, Zambia, Zimbabwe, Mozambique, Tanzania, Senegal, Iran, Maldives, Cote

D'Ivoire, Ghana, Cameroon, Suriname 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 2019-20, six Part-Time Directors viz. Smt. Uma Shankar, Executive Director, Reserve Bank of India; Smt. Alice G. Vaidyan, Chairman-cum-Managing Director, General Insurance Corporation of India; Shri Ganesh Kumar Gupta, past President, Federation of Indian Export Organisations (FIEO); Shri Prashant Kumar Dalmia, Partner, PCS & Associates (he was inducted on the Board during FY 2019-20); Shri Maneck Eruch Davar, Chairman and Managing Director, Spenta Multimedia Pvt. Ltd.; and Smt. Saranala Malathi Rani, Director ceased to be Directors of the Company. Smt. Geetha Muralidhar, ceased to be the Chairman-cum-Managing Director on her superannuation. Six Non-Executive Part-Time Directors viz. Shri Shirish Chandra Murmu, Executive Director, Reserve Bank of India; Shri David Paul Rasquinha, Managing Director, Exim Bank; Shri Rajnish Kumar, Chairman, State Bank of India; Shri Devesh Srivastava, Chairman-cum-Managing Director, General Insurance Corporation of India; Shri Sharad Kumar Saraf, President, Federation of Indian Export Organisations; Shri Prashant Kumar Dalmia, Partner, PCS &

Associates (he resigned from the Board during FY 2019-20) were inducted on the Board.

Smt. Padmavathy R., Executive Director (Policy Matters), ECGC Ltd. was inducted as a Functional Director on the Board of the Company w.e.f. June 09, 2020 and ceased to be a Director w.e.f. June 30, 2020 on her superannuation.

Shri Sunil Joshi, Executive Director (Policy Matters), ECGC Ltd. was inducted as a Functional Director on the Board of Directors of the Company w.e.f. July 09, 2020.

As on the date of this report, six of the thirteen positions of Part-Time Directors (including the position of a Woman Director) 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(1) related to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy related to 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 extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 are placed at **Annexure I**.

## **DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 pertaining to the appointment of Independent Directors applicable to Public Limited Company are fully complied with except the appointment of Woman Director on the Board from May 15, 2020 to June 08, 2020.

## **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 –

<b>S. No.</b>	<b>Name of the Directors</b>
1.	Shri Bidyut Behari Swain (appointed as a Member since 20/04/2018)
2.	Shri K. Rajaraman (appointed as a Member since 08/08/2018)
3.	Shri Shirish Chandra Murmu (appointed as a Member since 10/01/2020)
4.	Shri David Paul Rasquinha (appointed as a Member since 07/08/2019)
5.	Shri Devesh Srivastava (appointed as a Member since 21/01/2020)

6.	Shri Sharad Kumar Saraf (appointed as a Member since 22/07/2019)
7.	Shri Ganesh Kumar Gupta (appointed as a Member since 01/05/2017) (ceased to be a Member since 27/06/2019)
8.	Smt. Alice G. Vaidyan (appointed as a Member since 11/02/2016) (ceased to be a Member since 31/07/2019)
9.	Shri Prashant Kumar Dalmia, FCA (appointed as a Member since 07/08/2019) (ceased to be a Member since 16/09/2019)
10.	Smt. Uma Shankar (appointed as a Member since 03/10/2018) (ceased to be a Member since 31/10/2019)
11.	Shri Maneck Eruch Davar (appointed as a Member since 22/03/2017) (ceased to be a Member since 29/01/2020)
12.	Smt. Saranala Malathi Rani (appointed as a Member since 22/03/2017) (ceased to be a Member since 29/01/2020)

The above composition of the Audit Committee headed by an Independent Director consists of Independent Directors viz. Shri David Rasquinha (Chairman), Shri Shirish Chandra Murmu, Shri Devesh Srivastava and Shri Sharad Kumar Saraf, who form the majority.

The Company has established a vigil 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 direct access to the Chairman of the Audit Committee for reporting issues concerning the interests of employees and the Company.

## **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 2017-18 and FY 2018-19 and "Very Good" in FY 2016-17. The performance of the Company is expected to be rated "Good" for the FY 2019-20.

## **PLACING OF ANNUAL REPORT BEFORE THE PARLIAMENT**

Annual Report of the ECGC Ltd. for the year 2018-19, along with Audited Accounts and Comments of the Comptroller and Auditor General thereon, was placed before the Lok Sabha and Rajya Sabha on December 11, 2019 and December 13, 2019 respectively, in compliance with the requirements under Section 394 of the Companies Act, 2013.

## **PARTICULARS OF EMPLOYEES**

There was no employee who was employed throughout the year or who was employed for part of the year and was in receipt of aggregate remuneration of Rupees one crore two lakh or more for that year or was in

receipt of aggregate remuneration of Rupees eight lakh fifty thousand per month for part of the year respectively.

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

<b>S. No</b>	<b>Details</b>	<b>Name of the Employee</b>
1.	Name designation of the employee:	Ms. Priscilla Sinha Appointed Actuary (at par with rank of GM)
2.	remuneration received;	₹77,52,234/-in FY 2019-20
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 in 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;	53
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	NIL

	clause (iii) of sub-rule (2) above; and	
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
<b>S. No</b>	<b>Details</b>	<b>Name of the Employee</b>
1.	Name  designation of the employee:	Shri Shashank Bajpai  Chief Information Security Officer -CISO (at par with the rank of DGM)
2.	remuneration received;	₹32,00,000/- in FY 2019-20
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;	33
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 in the Head Office at 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 this earlier decision is to be reiterated and the complaint can 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 12 times and disposed of 35 cases during the FY 2019-20. A three-member Independent Review Committee (IRC) was also constituted during the FY 2013-14, consisting of external experts in the field of Judiciary, Banking and Credit Insurance, which met three times during the FY 2019-20 and disposed of 25 cases.

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 FY 2019-20 is ₹71.55 crore (₹107.28 crore in the previous Financial Year) while Foreign Exchange outgo during the Financial Year 2019-20 is ₹2.31 crore (₹2.30 crore in the previous Financial Year).

## **APPOINTED ACTUARY**

The Company recruited a full-time Actuary on contract basis in April 2019 who had been designated as Appointed Actuary, with the approval of Insurance Regulatory and Development Authority of India (IRDAI), for the period May 29, 2019 to November 28, 2019 and again with effect from January 27, 2020 and continues to be the Appointed Actuary.

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) 2019-20 vide their letter dated August 09, 2019, the same was taken on record by the Board at its meeting held on October 29, 2019, 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 61<sup>st</sup> AGM held on August 26, 2019 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 and Branch Offices of the Company for the FY 2019-20 and necessary certificate from the Joint

Statutory Auditors for FY 2019-20 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 2019-20. 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 (**Annexure II**) along with Certificate from R. S. Padia & Associates, Practicing Company Secretary(FCS 6804,COP

7488), on Corporate Governance (**Annexure III**) is annexed to and forms an integral part of this Directors' Report.

### **SECRETARIAL AUDIT**

The Secretarial Audit Report of the Company (Form No. MR-3) for the FY 2019-20 received from M/s Abhishek Lakhota & Co., Secretarial Auditor (FCS 9082, COP 10547) (**Annexure IV**) reported non-compliance with DPE Guidelines regarding Directors' Training Policy. The observation has been addressed in the Corporate Governance Report placed at **Annexure II**.

### **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**

The following material changes and commitment occurred during the year under review affecting the financial position of the Company –

#### **I. Update on Andheri Property**

##### Office premises

1. The Board of Directors had, at its 398<sup>th</sup> meeting held on July 15, 2015, approved construction of the office building at a preliminary estimate of ₹111,24,12,901/- as intimated by Central Public Works Department (CPWD) vide their letter dated May 26, 2015. The Memorandum of Understanding (MoU) for the same had been signed between ECGC and CPWD on June 06, 2016 for construction of office building at our Andheri plot.
2. As per Clause No. 7 of MoU, CPWD had demanded installments of deposits and accordingly, so far the Company has made a total

payment of ₹86,54,47,740/- being 77.80% deposit towards construction of the office building.

3. The contractor, Sam India Builtwell Pvt. Ltd., started the construction work for the office building from March 30, 2017. As informed by CPWD officials vide mail dated July 22, 2020, 82% of work has been completed for the office building.
4. The Board of Directors, at its 422<sup>nd</sup> meeting held on August 07, 2019, approved the 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 the Andheri site. This was communicated to CPWD and an MOU for the same also was signed by the Company and CPWD on September 26, 2019. As per Clause B (3) of the MOU we have released ₹92,66,200/- (Rupees ninety-two lakh sixty-six thousand two hundred only) being first deposit of 10% of the approved estimate of ₹926.62 lakh.

#### Residential premises

1. The Board of Directors had, at its 405<sup>th</sup> meeting held on November 07, 2016, approved construction of a residential complex at a preliminary estimate of ₹73,95,80,728/-.
2. ECGC and CPWD signed an MOU on January 10, 2017 for construction of the Company's residential buildings complex.
3. 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 January 30, 2017.
4. CPWD had floated a tender for construction of residential building complex. The tender was opened on December 28, 2017.

5. We received Letter No. CHE/116/BP/(Spl.Cell)LOKE/337 dated December 02, 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 9.15 meter DP Road (Development Planning) in RDDP-2034 (May 2016) within our plot.
6. In view of the above developments, the approval given for lay-out previously became invalid. Consequently, the bid selected for award of contract for construction of five residential buildings was withdrawn by CPWD.
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 December 14, 2017, for de-reserving the DP Road in question.
8. As per Notification No.TPB-4317/629/CR-118/2017/DP/UD-11 dated May 08, 2018 issued by the Government of Maharashtra, the 9.15 mt. DP Road shown within CTS No.393 of village Gundavali is proposed to be deleted.
9. As per CPWD's letter, tenders will be called again only after re-approval of layout by the MCGM and after the resolution of the DP Road issue. The Project Architects have submitted lay-out plan for the MCGM's approval which has been accepted.
10. The DP 2034 is to be confirmed by the Director, Town Planning, Govt. of Maharashtra, and then the approval for lay-out will be considered by the MCGM.

### Unity Infraprojects Ltd.

1. As per the order issued by Hon'ble Justice (Retd.) Shri V.C. Daga, Sole Arbitrator on July 07, 2015, the Company invoked Performance Security Bank Guarantee of ₹4,40,98,369/- issued by ICICI Bank. ICICI Bank remitted ₹4,40,98,369/- to us on July 14, 2015. The Company has also forfeited the Earnest Money & Security Deposit totaling to ₹ 50 lakh.
2. While Unity Infraprojects Limited, Project Contractor have submitted a claim to us to the tune of ₹23,02,81,857/- on June 30, 2015, the Company claimed a compensation of ₹31,63,42,930/-.
3. Unity Infraprojects Limited filed for insolvency before the National Company Law Tribunal (NCLT) in June 2017. The NCLT had passed an Order of 'Moratorium'. The last hearing in the arbitration between Unity Infraprojects and the Company before Justice V.C. Daga was held on December 20, 2017. In view of the moratorium imposed by NCLT the arbitration proceeding is currently stayed

## **II. Update on Information Technology Implementation Program**

1. During the arbitration proceedings between ECGC and HCL, the evidences on both sides have been completed, and proceedings between ECGC and HCL have reached the stage of final arguments, which were originally scheduled in June and July 2020, now stand postponed to September and October 2020 in view of the recent developments related to Covid-19 pandemic.
2. 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 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 all the lines of 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 industry and securities, in such a way that ensures liquidity risks are minimized with optimum return on the investment. It is 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 improve its risk management functions further to make it dynamic with the help of external consultants.

## **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Please Refer **Annexure v**.

**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, 2020 and of the profit of the Company for the FY ended March 31, 2020;

(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, 2020, 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 and Department of Financial Services, Ministry of Finance; Ministry of External Affairs, Department of Public Enterprises, Ministry of Heavy and Public Industries, 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 High Commissions and Embassies 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 & debt collection agents who have contributed to the Company's underwriting and recovery efforts respectively. The Directors also, thankfully 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 for the valuable advice and support received from time-to-time, from the Auditors. The Directors express their deep sense of appreciation to all the 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

**Sd/-**  
**M. Senthilnathan**  
**Chairman-cum-Managing Director**  
**DIN 07376766**

Place: Mumbai

Date: August 21, 2020

## Annexure I

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of  
The Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U74999MH1957GOI010918
- ii) Registration Date: 30.07.1957
- iii) Name of the Company: ECGC Limited
- iv) Category/Sub-Category of the Company: Government Company/Public Limited
- v) Address of the Registered office and contact details: 10th Floor, Express Towers, Nariman Point, Mumbai - 400021.
- vi) Whether listed Company Yes / No: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: N.A

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business activities contributing 10% or more of the total turnover of the Company are:-

S. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	NON-LIFE INSURANCE	65120	100%

### III. Particulars of holding, subsidiary and associate Companies

S. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	NA	NA	NA	NA	NA

### IV. Shareholding pattern (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
<b>A. Promoters</b>									
(1) Indian	NA	NA	NA	NA	NA	NA	NA	NA	NA
a) Individual/HUF	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Central Govt. I) President of India II) Nominee of the President of India	NA	199999992 8	199999992 8	100	NA 8	249999992 8	249999992 8	100	0 0
c) State Govt(s)	NA	NA	NA	NA	NA	NA	NA	NA	NA
d) Bodies Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA
e) Banks / FI	NA	NA	NA	NA	NA	NA	NA	NA	NA
f) Any Other	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Sub-total (A) (1):-</b>	<b>NA</b>	<b>200000000</b>	<b>200000000</b>	<b>100</b>	<b>NA</b>	<b>250000000</b>	<b>250000000</b>	<b>100</b>	
<b>(2) Foreign</b>									
a) NRIs - Individuals	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Other Individuals	NA	NA	NA	NA	NA	NA	NA	NA	NA
c) Bodies Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA
d) Banks / FI	NA	NA	NA	NA	NA	NA	NA	NA	NA
e) Any Other	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Sub-total (A) (2):-</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>NA</b>	<b>200000000</b>	<b>200000000</b>	<b>100</b>	<b>NA</b>	<b>250000000</b>	<b>250000000</b>	<b>100</b>	<b>0</b>

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
a) Mutual Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Banks / FI	NA	NA	NA	NA	NA	NA	NA	NA	NA
c) Central Govt	NA	NA	NA	NA	NA	NA	NA	NA	NA
d) State Govt(s)	NA	NA	NA	NA	NA	NA	NA	NA	NA
e) Venture Capital Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA
f) Insurance Companies	NA	NA	NA	NA	NA	NA	NA	NA	NA
g) FIs	NA	NA	NA	NA	NA	NA	NA	NA	NA
h) Foreign Venture Capital Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA
i) Others (specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Sub-total (B)(1):-</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>2. Non-Institutions</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
a) Bodies Corp.	NA	NA	NA	NA	NA	NA	NA	NA	NA
i) Indian	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii) Overseas	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Individuals	NA	NA	NA	NA	NA	NA	NA	NA	NA
i) Individual shareholders holding nominal share capital upto ₹1 lakh	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	NA	NA	NA	NA	NA	NA	NA	NA	NA
c) Others (specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Sub-total(B)(2):-</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Public Shareholding (B)=(B)(1)+(B)(2)	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total (A+B+C)</b>	NA	<b>200000000</b>	<b>200000000</b>	<b>100</b>	NA	<b>250000000</b>	<b>250000000</b>	<b>100</b>	<b>0</b>

**ii) Shareholding of Promoters**

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	% change In shareholding during the year
1.	President of India	199999992	100	0	249999992	100	0	0
2.	Nominees of the President of India	8			8			
	<b>Total</b>	<b>200000000</b>	<b>100</b>	<b>0</b>	<b>250000000</b>	<b>100</b>	<b>0</b>	<b>0</b>

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	200000000	100	200000000	100
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):			Additional Shares of 3,89,17,000 and 1,10,83,000 allotted on 07/08/2019 and 29/10/2019 respectively	
	At the end of the year			250000000	100

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Top 10 Shareholders</b>				
1	At the beginning of the year	NA	NA	NA	NA
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the End of the year (or on the date of separation, if separated during the year)	NA	NA	NA	NA

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Directors and KMP</b>				
1	At the beginning of the year	NA	NA	NA	NA
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the End of the year	NA	NA	NA	NA

(One share held by Smt. Geetha Muralidhar, past CMD, has been transferred to Shri M. Senthilnathan, CMD, on August 21, 2020. Two shares are held by Shri Bidyut Behari Swain, Director and one share by Shri K. Rajaraman, Director as nominees of the President of India.)

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payments

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the financial year</b> • Addition • Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		(₹) Total Amount
		Smt. Geetha Muralidhar	Shri. M. Senthilnathan	
1.	Gross salary (₹)			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,646,763.00	2,639,825.00	42,86,588.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	402,634.00	624,956.00	10,27,590.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-		-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission - as % of profit -others, specify	-		-
5.	Others, please specify	-	1,04,806.82 (EL Encashment)	1,04,806.82
	Total (A)	2,049,397.00	3,369,587.82	54,18,984.82
	Ceiling as per the Act	Not applicable to ECGC Limited as it is a wholly-owned Government Company		

B. Remuneration to other Directors:

(₹)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Sharad Kumar Saraf	Shri Maneck Eruch Davar	Smt. Saranala Malathi Rani	Shri Prashant Kumar Dalmia	
1.	Independent Directors Fee for attending board /committee meetings Commission Others, please specify	40,000	90,000	1,15,000	25,000	2,70,000
	<b>Total(1)</b>	40,000	90,000	1,15,000	25,000	2,70,000
2.	Other Non-Executive Directors Fee for attending board /committee meetings Commission Others, please specify	-	-	-	-	-
	<b>Total(2)</b>	-	-	-	-	-
	<b>Total(B)=(1+2)</b>	40,000	90,000	1,15,000	25,000	3,55,000
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	Not applicable to ECGC Limited as it is a wholly-owned Government Company				

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S. No	Key Managerial Personnel	Particulars of Remuneration						Total Amount (in ₹)	
		Gross Salary			Stock Option	Sweat Equity	Commission - as % of profit-other, specify		Others, please specify
		Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Value of perquisites u/s 17(2) Income-Tax Act, 1961	Profits in lieu of salary u/s 17 (3) Income Tax Act, 1961	No such data provided by CS Dept	No such data provided by CS Dept	No such data provided by CS Dept		EL Encashment / Employer Contribution -NPS Current Year
1	Shri. V. Dharmarajan Executive Director (Operations) up to 30.06.2019	648,962.00	166,026.00				24,32,437.43	3,247,425.43	
2	Smt. Padmavathy R. Executive Director (Operations) Since 01.07.2019  General Manager, Chief Underwriting Officer (MLT) up to 30.06.2019	2,548,456.00	613,579.00				108,028.62	3,270,063.62	
3	Shri Sunil Joshi , General Manager, Chief Vigilance Officer, Chief of Internal Audit	2,484,355.00	615,937.00				99,411.26	3,199,703.26	
4	Shri C.N.A Anbarasan General Manager , Chief Underwriting Officer (ECIB-ST)	2,469,695.00	861,176.00					3,330,871.00	
5	Shri P. L. Thakur General Manager, Chief Underwriting Officer-Policy-ST	2,397,656.00	594,351.00				99,013.71	3,091,020.71	
6	Shri Shivaji Narvekar, General Manager, Chief Marketing Officer and Transparency Officer	2,334,139.00	565,989.00					2,900,128.00	

7	Shri Ishnath Jha General Manager, Chief Financial Officer Since 08.05.2019	2,175,420.00	536,656.00					87,764.42	2,799,840.42
8	Shri. Shristiraj Ambastha, General Manager (HRD)	2,110,053.00	822,970.00						2,933,023.00
9	Shri. Nirdosh Chopra Chief Risk Officer Since 02.05.2019	2,199,306.00	598,521.00					90,576.52	2,888,403.52
10	Smt. Smita V. Pandit, Chief Compliance Officer	2,167,086.00	533,171.00					85,363.90	2,785,620.90
11	Shri R. K. Pandian Chief Investment Officer up to 26.11.2019	1,976,097.00	840,199.00						2,816,296.00
12	Smt. Arpita Sen Chief Investment Officer since 26.11.2019	1,923,244.00	561,913.00						2,485,157.00
13	Smt. Yogita Arora up to 16.04.2019	2,51,733							2,51,733
14	Smt. Priscilla Sinha, Appointed Actuary	7,752,234.00							7,752,234.00
15	Shri Rajiv P. Manavi, General Manager, Chief Financial Officer up to 30.04.2019	185,844.00	72,865.00					1,914,169.20	2,172,878.20
16	Shri Subir Kumar Das General Manager, Chief Underwriting Officer (MLT) Since 01.07.2019	2,096,727.00	578,600.00					80,888.28	2,756,215.28

Note: Gross Salary and perquisites have been given for full year though the officer may be a KMP for part of the financial year.

## VII. Penalties/ Punishment/ Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>Other officers in default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Sd/-

**M. Senthilnathan**  
**Chairman-cum-Managing Director**  
**DIN 07376766**

Place: Mumbai

Date: August 21, 2020

**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 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 of the Company. Articles 57 and 63 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 are being done by the Government of India. As of date, six of the thirteen positions for 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 the 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 provision 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 names of Directors on the Board during the Financial Year 2019-20 along with their qualification, dates of appointment and categories under which they were appointed, are furnished in **Table 1** below:

**Table 1**

<b>S. No.</b>	<b>Name of the Directors</b>	<b>Qualification</b>	<b>Date of Appointment on Board</b>	<b>Category</b>
1.	Shri M. Senthilnathan Chairman-cum- Managing Director, ECGC Ltd.	B.Sc., MBA	29/04/2020 (Appointed as a Director w.e.f. 30/12/2015 and assigned Additional Charge of CMD w.e.f. 01/11/2019 to 28/04/2020)	Functional Director (Whole-Time Director)
2.	Shri Bidyut Behari Swain, IAS	Master's Degrees in Arts (Political Studies) from Jawaharlal Nehru University and in Public Policy & Management from the Institute of Social Studies	20/04/2018	Non-Executive Part-Time Government Director (Ministry of Commerce & Industry, GOI)

3.	Shri K. Rajaraman, IAS	B.Tech, M.B.A (Fin Mgt.), M.A (Economics)	08/08/2018	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.	Shri David Paul Rasquinha, MD, Exim Bank	Post Graduate in Business Management	22/07/2019	Ex-Officio Non- Executive Part- Time Non- Government Director
*6.	Shri Rajnish Kumar, Chairman, SBI	M.Sc. (Physics)	29/05/2019	Non-Executive Part-Time Non- Government Director
*7.	Shri Devesh Srivastava, Chairman, GIC	M.Sc.(Physics), PGDBM	21/01/2020	Ex-Officio Non- Executive Part- Time Non- Government Director
*8.	Shri Sharad Kumar Saraf, President, FIEO	B.Tech in Electronics Engineering from IIT Bombay	22/07/2019	Ex-Officio Non- Executive Part- Time Non- Government Director

*9.	Shri Ganesh Kumar Gupta, President, FIEO	Inter Science	01/05/2017 (Ceased to be a Director w.e.f. 27/06/2019)	Ex-Officio Non-Executive Part-Time Non-Government Director
*10.	Smt. Alice G. Vaidyan, CMD, GIC	M.A. (Engl. Lit.), FIII	08/02/2016 (Ceased to be a Director w.e.f. 31/07/2019)	Ex-Officio Non-Executive Part-Time Non-Government Director
*11.	FCA Prashant Kumar Dalmia, Partner M/s PCS & Associates	B.Com., FCA	24/07/2019 (Ceased to be a Director w.e.f. 16/09/2019)	Non-Executive Part-Time Non-Government Director
12.	Smt. Geetha Muralidhar, CMD, ECGC Ltd.	B. Sc., M.Com. (Banking and Insurance), PG Diploma in Human Resource Management and International Business Operations	23/06/2015 (Ceased to be CMD and Director w.e.f. 31/10/2019)	Functional Director (Whole-Time Director)
*13.	Smt. Uma Shankar, ED, RBI	MA, CAIIB	03/10/2018 (Ceased to be a Director w.e.f. 31/10/2019)	Non-Executive Part-Time Non-Government Director

*14.	Shri Maneck Eruch Davar, CMD, Spenta Multimedia Pvt. Ltd.	B.A. (Hons)	30/01/2017 (Ceased to be a Director w.e.f. 29/01/2020)	Non-Executive Part-Time Non-Government Director
*15.	Smt. Saranala Malathi Rani	B.Sc.(BZC), B.L.(Bachelor of Law), IRPM	16/02/2017 (Ceased to be a Director w.e.f. 29/01/2020)	Non-Executive Part-Time Non-Government Director

**\* Non-Official (Independent) Directors**

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

### **1. Shri M. Senthilnathan –**

Shri M Senthilnathan is the Chairman-cum-Managing Director (CMD) of the Company since April 29, 2020. Prior to his elevation as CMD, he was the Executive Director (Policy Matters) of the Company. He is also the Chairman Trustee of the National Export Insurance Account (NEIA) Trust set up by the Government of India to promote project exports from India. He is a Director on the Board of Export Import Bank of India from November, 2019. He is the nominee director on the Board of African Trade Insurance Agency (ATI) a multi-lateral entity registered under the Charter of United Nations.

Shri M Senthilnathan joined the Company as a Probationary officer in 1988, and since then has had a wide ranging exposure in all operational and corporate functions of the Company. He has headed the Indore Branch and Northern Regional Office of the Company. He has also headed various departments at the Head Office viz. Policy Planning, Finance & Accounts, Reinsurance, Risk Management, ECIB and Information Technology. During

2006-07, he served as a Consultant for Inter-Arab Investment Guarantee Company, a multi-lateral export credit agency in Kuwait.

He holds a Master's degree in Business Administration. He has been a speaker at many international conferences. He is a member of the Management of committee of the Berne Union (The International Union of Credit & Investment Insurers).

He joined as a Functional Director (Whole-Time Director) on the Board of the Company on December 30, 2015.

## **2. Shri Rajnish Kumar-**

Shri Rajnish Kumar, is the Chairman of State Bank of India since October 07, 2017. Prior to his elevation as Chairman, Shri Kumar was the Managing Director of the National Banking Group (NBG) at State Bank of India.

He has headed SBI Capital Markets Limited (the Merchant Banking arm of State Bank of India) as Managing Director & Chief Executive Officer, prior to becoming MD in SBI. He is also the Chairman of SBI's subsidiaries viz., SBI Life Insurance Co. Ltd., SBI Cards & Payment Services Pvt. Ltd., SBI General Insurance Co Ltd., SBI Foundation etc., besides being a director on the Board of EXIM Bank, National Credit Guarantee Trustee Co. Ltd., KVIC, etc. He is a Governing Council Member of the IIBF and Chairman of the Indian Bank's Association.

Shri Rajnish Kumar is a post-graduate in Physics and has been with SBI for over three decades, having joined the Bank as a Probationary Officer in 1980. He has held several key positions across various business verticals of the Bank like Mid-Corporate Group and Project Finance. He has also served as the Chief General Manager of North Eastern Circle of SBI. He has also served in SBI Canada and later as Regional Head of SBI's UK

Operations. He has vast experience in handling Large Credit, Project Finance, Foreign Exchange and Retail Banking.

He joined as a Director on the Board of the Company on May 29, 2019.

### **3. Shri David Paul Rasquinha-**

Shri David Rasquinha is the Managing Director and Chief Executive Officer of the Export-Import Bank of India. In 2014, he was appointed on the Board of the Exim Bank as the Deputy Managing Director, and moved up as the Managing Director in 2017. Shri David joined the Exim Bank in 1984-85, and since then had a wide ranging exposure to the broad field of export credit, having worked in the areas of Treasury, Multilateral Agency Funded Projects, Planning & Research, Risk Management, Trade Finance, Project Finance and Project Exports. He has served as a member on several Working Groups set up by Reserve Bank of India for working capital finance to software units, facilitation measures for exporters, etc. During 1999-2004, he served as the Resident Representative at the Bank's Washington DC Representative Office.

Shri David secured a first-class graduate degree in Economics from Bombay University and followed it up with a post-graduate qualification in Business Management from the XLRI, Jamshedpur where he was awarded the Gold Medal in Economics. Shri David has lectured on various aspects of export financing at the National Institute of Bank Management, the Reserve Bank of India's Bankers Training College, the Jawaharlal Nehru Institute for Development Banking, as well as various bank training colleges, academic institutions and industry bodies in India and the U.S.A. He is a Member of the National Jury for the CII - Exim Award for Business Excellence, a Total Quality Management Award based on the TQM model of the European Foundation for Quality Management. Shri David had also been a Director on the Boards of four Indian companies. His insights on

export credit and the Indian economy are often sought in panel discussions and seminars.

He joined as a Director on the Board of the Company on July 22, 2019.

#### **4. Shri Sharad Kumar Saraf-**

Shri Sharad Kumar Saraf, Founder Chairman and Managing Director of Technocraft Industries (India) Ltd., a government-recognized International Trading House, which manufactures Scaffolding systems, drum closures, cotton yarn, knitted fabrics and garments. He established Hi-Tech Park with offices in Germany and USA. He is a B. Tech, 1969, Electronics Engineering, IIT Mumbai. Shri Saraf is serving as the President of the Bombay Textile Research Association, the Confederation of Exporting Units, the Indo-Romanian Chamber of Commerce, and the Federation of Indian Export Organisations. Currently, he is the Chairman of the NSEL Investors Forum. Shri Saraf is a Director of the Cotton Association of India and a Managing Committee Member of the Confederation of Indian Textile Industry, Texprocil apart from a Trustee of Rajasthani Sammelan, and a Member of the Board of Governors of IIT- Bombay. Shri Saraf is on the Board of 17 Indian Companies (Public and Private).

He joined as a Director on the Board of the Company on July 22, 2019.

#### **5. Shri Prashant Kumar Dalmia, FCA -**

Shri Prashant Kumar Dalmia, FCA is a Senior Partner in PCS & Associates (a Chartered Accountant Firm) from last 19 years. He is a Practicing Chartered Accountant since July 1995. Shri Dalmia is having experience of audit and taxation of government and private companies. He has also experience in Project Report Preparation and Project Financing.

He joined as a Director on the Board of the Company on July 24, 2019 and resigned due to his health issue on September 16, 2019.

#### **6. Shri Shirish Chandra Murmu-**

Shri Shirish Chandra Murmu has been serving the Reserve Bank of India since last 28 years. He was on the Board of Public Sector Banks i.e. Dena Bank from March 2016 to March 2019 and Bank of India from April 2019 to July 2019.

Shri Shirish Chandra Murmu is an M.Sc. from Jawaharlal Nehru University, New Delhi and is a Certified Associate of Indian Institute of Bankers from Indian Institute of Banking & Finance. He is currently working as an Executive Director in the Reserve Bank of India.

He joined as a Nominee Director of RBI on the Board of the Company on January 10, 2020.

#### **7. Shri Devesh Srivastava-**

Shri Devesh Srivastava is currently the Chairman-cum-Managing Director (CMD) of General Insurance Corporation of India (GIC). He joined Oriental Insurance Co. Ltd. in July 1987. Subsequently in 1999 his services were transferred to General Insurance Corporation of India. He worked in various positions in India and abroad. He is a post-graduate in Physics from St Stephen's College Delhi. He subsequently obtained a post-graduate degree in Management, majoring in Marketing with a Gold Medal from the Management Development Institute (MDI), Gurgaon in 2008. Shri Srivastava was posted in the Reinsurance Department and was handling the specialty lines of Motor, Marine, Liability, Oil & Energy, Aviation and Miscellaneous in respect of both Treaty and Facultative Placements and Acceptances of Inward business and Outwards protection till he was selected to head the London Branch of GIC in 2013 to oversee the

territories of U.K., Europe, Caribbean and the three Latin American Countries i.e. Argentina, Brazil, and Mexico. Shri Srivastava handled the departments of Human Resource & Training, Re-Insurance Worldwide, Health, Corporate Communications, CMDs Secretariat, Innovation Centre, Ministry & IRDAI matters prior to his elevation as CMD of GIC.

He joined as a Director on the Board of the Company on January 21, 2020.

#### **8. Smt. Padmavathy R. –**

Smt. Padmavathy Rajasekaran served ECGC Ltd for nearly 38 years that was marked by her rise to the position of the Executive Director in the Company and also her appointment as a Director on the Board of Directors of ECGC Ltd. She acquired wide exposure in the core business operations and non-operational functions and held the positions of Branch Manager and Regional Manager, before moving to the Corporate Office. She was head of HRD, National Marketing, Investment, Policy Planning, IRDA, Grievances, CSR etc., at the Corporate Office. By virtue of her knowledge and experience, she was the appointed representative of ECGC Ltd to the International Working Group on Export Credits for the period from June 07, 2017 to June 09, 2019.

Prior to joining ECGC as a Probationary Officer in 1982, Smt. Padmavathy had had a stint with a commercial bank immediately after her graduation in Commerce, in Bangalore.

She joined as a Functional Director (Whole-Time Director) on the Board of the Company on June 09, 2020 and ceased to be a Functional Director w.e.f. June 30, 2020 on her superannuation.

## **9. Shri Sunil Joshi-**

Shri Sunil Joshi is the Executive Director of ECGC Limited. Prior to taking over as the Executive Director on May 15, 2020, he was the Chief Vigilance Officer of ECGC. He is a Whole-Time Director of the Company and also the Managing Trustee of the National Export Insurance Account (NEIA) Trust set up by the Government of India to promote project exports from India.

Shri Joshi has over three decades of experience in credit insurance. He joined the Company as a Probationary Officer in 1988. He has headed the Jaipur, Delhi and Project Exports Branch Offices and the Bangalore Regional Office of the Company. He has also headed various departments at the Head Office viz. Human Resources, Training, Country Underwriting, Policy Planning, Internal Audit, Information Technology, International Relations etc.

He holds a Master's degree in Physics. He has been a speaker at many international conferences and also published articles on various aspects of credit insurance and international trade.

He joined as a Functional Director (Whole-Time Director) on the Board of the Company on July 09, 2020.

### **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 about 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. 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, Insurance Regulatory and Development Authority of India (IRDAI), Standing Conference of Public Enterprises (SCOPE), Indian Institute of Corporate Affairs, Department of Public Enterprises etc.

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

Due to pre-occupation/busy schedule of 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 2019-20 as follows:-

<b>S. No</b>	<b>DESIGNATION</b>	<b>NAME OF THE DIRECTOR</b>	<b>DETAILS OF TRAINING IMPARTED (SUBJECT AND DATE)</b>
1.	Non-Official (Independent Directors)	1. Shri David Paul Rasquinha, Managing Director, Exim Bank	1. Orientation Programme for Independent Directors of Insurance Companies conducted by IRDAI at

			National Insurance Academy, Pune on 20 <sup>th</sup> and 21 <sup>st</sup> January, 2020.
		2.Smt. Saranala Malathi Rani, Director	<p>1. Orientation Programme for Independent Directors conducted by Indian Institute of Corporate Affairs on 02<sup>nd</sup> and 03<sup>rd</sup> August, 2019 at Mumbai.</p> <p>2. Orientation Programme for Independent Directors of Insurance Companies conducted by IRDAI at National Insurance Academy, Pune on 20<sup>th</sup> and 21<sup>st</sup> January, 2020.</p>

#### **DETAILS OF THE MEETINGS OF THE BOARD OF DIRECTORS FOR FY 2019-20**

The Board of Directors is required to meet at least four times every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board, pursuant to the provisions of Section 173 of the Companies Act, 2013. The Company sends notices, agenda and notes to agenda which are exhaustive in nature to all the Directors 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 facility to the Directors to enable them to participate in the Board/ Committee meetings if they desire. There were five Meetings held during the FY 2019-

20. Details of the meetings of the Board of Directors held during the FY 2019-20 are furnished below in **Table 2**:

**Table 2**

<b>S. No.</b>	<b>Meeting Number</b>	<b>Date of the Meeting</b>	<b>Board Strength</b>	<b>No. of Directors present</b>
1.	421	31/05/2019	10	5
2.	422	07/08/2019	11	10
3.	423	26/08/2019	11	6
4.	424	29/10/2019	10	7
5.	425	28/01/2020	10	7

**DETAILS OF ATTENDANCE OF THE DIRECTORS AT THE BOARD MEETINGS, ANNUAL GENERAL MEETING AND THE NUMBER OF OTHER DIRECTORSHIPS HELD BY THEM AS OF MARCH 31, 2020 (Table 3)**

**Table 3**

<b>S. No.</b>	<b>Name of the Director</b>	<b>No. of Meetings attended/ Total no. of Meetings held during his/her tenure</b>	<b>Attendance at the 61<sup>st</sup> AGM held on August 26, 2019</b>	<b>No. of other Directorships held *</b>
1.	Shri M. Senthilnathan	5/5	Yes	0
2.	Shri Bidyut Behari Swain	3/5	Yes	0
3.	Shri K. Rajaraman	2/5	No	1
4.	Shri Shirish Chandra Murmu	0/1	NA	0
5.	Shri David Paul Rasquinha	4/4	Yes	0

6.	Shri Rajnish Kumar	1/5	No	3
7.	Shri Devesh Srivastava	1/1	NA	2
8.	Shri Sharad Kumar Saraf	3/4	No	4
9.	Shri Ganesh Kumar Gupta	0/1	NA	2
10.	Smt. Alice G. Vaidyan	0/1	NA	4
11.	Shri Prashant Kumar Dalmia	2/2	Yes	0
12.	Smt. Geetha Muralidhar	4/4	Yes	0
13.	Smt. Uma Shankar	1/4	No	0
14.	Shri Maneck Eruch Davar	4/5	Yes	0
15.	Smt. Saranala Malathi Rani	5/5	Yes	0

\*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 22/07/2019, 07/08/2019, 10/01/2020, and 21/01/2020 during the FY 2019-20. As of 31/03/2020, the Audit Committee of the Company comprises of six Non-Executive Directors. Shri Maneck Eruch Davar was the Chairman of the Audit Committee till January

29, 2020. In the absence of regular Chairman, Smt. Saranala Malathi Rani was the Chairman of the Audit Committee for the meeting held on 29/10/2019. Shri David Paul Rasquinha appointed as the Chairman of the Audit Committee w.e.f. May 15, 2020. 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.

The Audit Committee met five times on 31/05/2019, 07/08/2019, 26/08/2019, 29/10/2019 and 28/01/2020 during the FY 2019-20. The details of the attendance of the Members at the Audit Committee meetings are furnished below in **Table 4**:

**Table 4**

<b>S. No.</b>	<b>Name of the Director</b>	<b>Date of appointment as Member</b>	<b>No. of Meetings attended/Total no. of Meetings held during his/ her tenure</b>
1.	Shri Bidyut Behari Swain	20/04/2018	3/5
2.	Shri K. Rajaraman	08/08/2018	2/5
3.	Shri Shirish Chandra Murmu	10/01/2020	0/1
4.	Shri David Paul Rasquinha	07/08/2019	3/3

5.	Shri Devesh Srivastava	21/01/2020	1/1
6.	Shri Sharad Kumar Saraf	22/07/2019	2/4
7.	Shri Ganesh Kumar Gupta	01/05/2017 (Ceased to be a Member w.e.f. 27/06/2019)	0/1
8.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)	0/1
9.	Shri Prashant Kumar Dalmia, FCA	07/08/2019 (Ceased to be a Member w.e.f. 16/09/2019)	1/1
10.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)	1/4
11.	Shri Maneck Eruch Davar	22/03/2017 (Ceased to be a Member w.e.f. 29/01/2020)	4/5
12.	Smt. Saranala Malathi Rani	22/03/2017 (Ceased to be a Member w.e.f. 29/01/2020)	5/5

## INVESTMENT COMMITTEE - COMPOSITION AND ATTENDANCE

The Investment Committee of the Company has been re-constituted on 02/05/2019, 08/05/2019, 28/05/2019, 07/08/2019, 26/11/2019, 10/01/2020 and 21/01/2020 during the FY 2019-20. The Investment Committee met four times, on 31/05/2019, 07/08/2019, 29/10/2019 and 28/01/2020 during the FY 2019-20. The details of the attendance of the Members of the Investment Committee Meetings are furnished below in **Table 5**:

**Table 5**

<b>S. No.</b>	<b>Name of the Director/ Member</b>	<b>Date of appointment as Member</b>	<b>No. of Meetings attended/ Total no. of Meetings held during his/her tenure</b>
1.	Shri M. Senthilnathan	11/02/2016	4/4
2.	Shri Bidyut Behari Swain	20/04/2018	2/4
3.	Shri K. Rajaraman	08/08/2018	2/4
4.	Shri Shirish Chandra Murmu	10/01/2020	0/1
5.	Shri David Paul Rasquinha	07/08/2019	2/2
6.	Shri Devesh Srivastava	21/01/2020	1/1
7.	Shri Nirdosh Chopra	As CRO w.e.f. 02/05/2019, as CRO and CFO w.e.f. 21/05/2020	4/4
8.	Smt. Priscilla Sinha	AA w.e.f. 27/01/2020 (As AA Designate from 18/04/2019 to 27/05/2019, AA w.e.f. 28/05/2019 to	4/4

		27/11/2019, Actuary from 28/11/2019 to 26/01/2020)	
9.	Smt. Arpita Sen	As CIO w.e.f.26/11/2019	1/1
10.	Smt. Yogita Arora	As Consulting Actuary w.e.f. 07/02/2017 (ceased to be a Member w.e.f. 16/04/2019)	0/0
11.	Shri Rajiv Manavi	As CFO w.e.f. 05/10/2017 (Ceased to be a Member w.e.f. 30/04/2019)	0/0
12.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)	0/1
13.	Smt. Geetha Muralidhar	23/06/2015 (Ceased to be the Chairman and Member w.e.f. 31/10/2019)	3/3
14.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)	1/3
15.	Shri R. K. Pandian	As CIO w.e.f. 05/07/2018 (Ceased to be Member w.e.f. 26/11/2019)	3/3
16.	Shri Ishnath Jha	As CRO - 04/05/2018 (Ceased to be CRO w.e.f. 02/05/2019), As CFO - 08/05/2019 (Ceased to be CFO w.e.f. 21/05/2020)	4/4

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

**POLICYHOLDERS’ INTEREST PROTECTION COMMITTEE - COMPOSITION AND ATTENDANCE**

The Policyholders’ Interest Protection Committee of the Company has been re-constituted on 22/07/2019, 07/08/2019, 10/01/2020 and 21/01/2020 for the FY 2019-20. The Policyholders’ Interest Protection Committee met four times, on 31/05/2019, 07/08/2019, 29/10/2019 and 28/01/2020 during the FY 2019-20. The details of the attendance of the Members at the Policyholders’ Interest Protection Committee Meetings are furnished below in **Table 6**:

**Table 6**

<b>S. No.</b>	<b>Name of the Director</b>	<b>Date of appointment as Member</b>	<b>No. of Meetings attended/ Total no. of Meetings held during his/her tenure</b>
1.	Shri M. Senthilnathan	13/04/2016	4/4
2.	Shri Bidyut Behari Swain	20/04/2018	1/4
3.	Shri Shirish Chandra Murmu	10/01/2020	0/1
4.	Shri David Paul Rasquinha	07/08/2019	2/2
5.	Shri Devesh Srivastava	21/01/2020	1/1

6.	Shri Sharad Kumar Saraf	22/07/2019	0/3
7.	Shri Ganesh Kumar Gupta	01/05/2017 (Ceased to be a Member w.e.f. 27/06/2019)	0/1
8.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)	0/1
9.	Smt. Geetha Muralidhar	23/06/2015 (Ceased to be a Member w.e.f. 31/10/2019)	3/3
10.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)	1/3
11.	Shri Maneck Eruch Davar	22/03/2017 (Ceased to be the Chairman and Member w.e.f. 29/01/2020)	3/4
12.	Smt. Saranala Malathi Rani	22/03/2017 (Ceased to be a Member w.e.f. 29/01/2020)	4/4

## **RISK MANAGEMENT COMMITTEE – COMPOSITION AND ATTENDANCE**

The Risk Management Committee of the Company has been re-constituted on 07/08/2019, 10/01/2020 and 21/01/2020 during the FY 2019-20. The Risk Management Committee met four times, on 31/05/2019, 07/08/2019, 29/10/2019 and 28/01/2020 during the FY 2019-20. The details of the attendance of the Members at Risk Management Committee Meetings are furnished below in **Table 7**:

**Table 7**

<b>S. No.</b>	<b>Name of the Director</b>	<b>Date of appointment as Member</b>	<b>No. of Meetings attended/ Total no. of Meetings held during his/her tenure</b>
1.	Shri M. Senthilnathan	13/04/2016	4/4
2.	Shri Bidyut Behari Swain	20/04/2018	1/4
3.	Shri K. Rajaraman	08/08/2018	2/4
4.	Shri Shirish Chandra Murmu	10/01/2020	0/1
5.	Shri David Paul Rasquinha	07/08/2019	2/2
6.	Shri Devesh Srivastava	21/01/2020	1/1
7.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)	0/1
8.	Smt. Geetha Muralidhar	23/06/2015 (Ceased to be the Chairman and Member	3/3

		w.e.f. 31/10/2019)	
9.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)	1/3

#### **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 has been re-constituted on 22/07/2019, 07/08/2019, 10/01/2020 and 21/01/2020 during the FY 2019-20. No meeting of the NRC was held during the FY 2019-20. The details of the Members of the NRC are furnished below in **Table 8**.

**Table 8**

<b>S. No.</b>	<b>Name of the Director</b>	<b>Date of appointment as Member</b>
1.	Shri M. Senthilnathan	13/04/2016
2.	Shri Bidyut Behari Swain	20/04/2018
3.	Shri Shirish Chandra Murmu	10/01/2020
4.	Shri David Paul Rasquinha	07/08/2019
5.	Shri Devesh Srivastava	21/01/2020
6.	Shri Sharad Kumar Saraf	22/07/2019
7.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)

8.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)
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ECGC is a 100% Government of India (GOI)-owned Company. Appointment of all Directors including Chairman-cum-Managing Director is done by the President of India as per the recommendation of the Department of Commerce, Ministry of Commerce & Industry in compliance of 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 Whole Time Director 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 (presently the Company is paying ₹10,000 per Board Meeting and ₹5000 for each Committee Meeting per Member). 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 2019-20. 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) & 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 re-constituted on 22/07/2019, 07/08/2019, 10/01/2020 and 21/01/2020 during the FY 2019-20. Smt. Geetha Muralidhar was the Chairman of the Committee on CSR & SD up to October 31, 2019 after which Shri M. Senthilnathan became the Chairman of the Committee while holding the additional charge of Chairman-cum-Managing Director from 01/11/2019 to 28/04/2020. Consequent to his promotion as CMD, Shri M. Senthilnathan has become the Chairman of the Committee w.e.f. 29/04/2020.

The Committee on CSR & SD met four times, on 31/05/2019, 07/08/2019, 29/10/2019 and 28/01/2020 during the FY 2019-20. The details of the attendance of the Members at the Meetings of the Committee on CSR & SD are furnished below in **Table 9**.

**Table 9**

<b>S. No.</b>	<b>Name of the Director</b>	<b>Date of appointment as Member</b>	<b>No. of Meetings attended/ Total no. of Meetings held during his/her tenure</b>
1.	Shri M. Senthilnathan	13/04/2016	4/4
2.	Shri Bidyut Behari Swain	20/04/2018	1/4
3.	Shri Shirish Chandra Murmu	10/01/2020	0/1

4.	Shri David Paul Rasquinha	07/08/2019	2/2
5.	Shri Devesh Srivastava	21/01/2020	1/1
6.	Shri Sharad Kumar Saraf	22/07/2019	0/3
7.	Shri Ganesh Kumar Gupta	01/05/2017 (Ceased to be a Member w.e.f. 27/06/2019)	0/1
8.	Smt. Alice G. Vaidyan	11/02/2016 (Ceased to be a Member w.e.f. 31/07/2019)	0/1
9.	Smt. Geetha Muralidhar	15/07/2015 (Ceased to be the Chairman and Member w.e.f. 31/10/2019)	3/3
10.	Smt. Uma Shankar	03/10/2018 (Ceased to be a Member w.e.f. 31/10/2019)	1/3
11.	Shri Maneck Eruch Davar	23/03/2017 (Ceased to be a Member w.e.f. 29/01/2020)	3/4
12.	Smt. Saranala Malathi Rani	23/03/2017 (Ceased to be a Member w.e.f. 29/01/2020)	4/4

## **PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD AND MEETING OF 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) which requires mentioning the manner of formal evaluation of the Board, Committees and individual Directors, in the Board Report is also exempted for Government Companies, if Directors are evaluated by the Administrative Ministry. The evaluation of the performance of the Company is done through annual MOU with the Department of Public Enterprises (DPE) with marks/ weightage for financial and non-financial targets. The Company's Productivity-Linked Lumpsum Incentive (PLLI) for employees including Whole-Time Directors is based on mark/ grade obtained under the MOU, confirmed after evaluation by the respective Ministry.

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. MCA vide circular dated July 05, 2017 has 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 2019-20, the Independent Directors met on 29/10/2019 as per 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 10**:

**Table 10**

S. No.	Financial Year	No. of AGM	Date & Time	Venue	No. of Special Resolutions passed, if any
1	2016-17	59	August 10, 2017 1700 Hrs	Udyog Bhawan, New Delhi	NIL
2	2017-18	60	July 17, 2018 1400 Hrs	Udyog Bhawan, New Delhi	NIL
3	2018-19	EGM	December 07, 2018 1500 Hrs	Udyog Bhawan, New Delhi	10
4	2018-19	61	August 26, 2019 1500 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 ([www.ecgc.in](http://www.ecgc.in)).

## 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 28/03/2019 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 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 in respect 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, vide its letter dated 06/01/2015, has imposed a penalty of ₹4,46,710/- (Rupees four lakh 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 07/04/2012.

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.

2. Employees' Provident Funds and Miscellaneous Provisions Act, 1952 - ECGC while executing the order dated 9.8.2016 by Regional Provident Fund Commissioner-I and further order dated 18.11.2016 by 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 issued by the Asst. PF Commissioner, EPFO u/s.7Q under 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 were issued to the Company. 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 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 were issued to the Company:

(i) 1 July 1989 to February 1996 - Total Amount (including damages and interest) for the period July 1989 to February 1996 is ₹1,94,395/-

(ii) March 1996 to August 2010 - Total Amount (including damages and interest) for the period March 1996 to August 2010 is ₹1,32,20,020/-

(iii) September 2010 to August 2016 - Total Amount (including damages and interest) for the period March 1996 to August 2010 is ₹81,69,947/-

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

The last hearing before the 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.

### **PLACING OF AUDITED ACCOUNTS BEFORE THE PARLIAMENT**

The audited accounts of the Company are being tabled before both the Houses of Parliament, 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 62<sup>nd</sup> Annual General Meeting is scheduled to be held on November 24, 2020 at 1600 hours.

(b) Shareholding Pattern as of March 31, 2020: The Company is fully owned by the Government of India. The President of India holds the entire lot of 25,00,00,000 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, 10<sup>th</sup> Floor, Nariman Point, Mumbai-400021. [Email: cs@ecgc.in](mailto:cs@ecgc.in).

#### **MEANS OF COMMUNICATION**

- Website: The Company's website viz., [www.ecgc.in](http://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](http://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 VI** forms part of the Directors' Report.

For and on behalf of the Board of Directors

**Sd/-**

**M. Senthilnathan**  
**Chairman-cum-Managing Director**  
**DIN 07376766**

Place: Mumbai

Date: August 21, 2020

### **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, 2019.

**Sd/-**

**M. Senthilnathan**  
**Chairman-cum-Managing Director**  
**DIN 07376766**

Place: Mumbai

Date: August 21, 2020

### **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.

**Sd/-**

**Smita V. Pandit**  
**Company Secretary**

Place: Mumbai

Date: August 21, 2020

**R.S. PADIA & ASSOCIATES**  
**COMPANY SECRETARIES**

**CORPORATE GOVERNANCE CERTIFICATE FOR F.Y. 2019-20**

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

1. 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 2019-20. 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.
3. 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 31<sup>st</sup> March 2020.
4. 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: 19.08.2020  
UDIN: F006804B000594655

For R.S. Padia & Associates  
Company Secretaries

Rajshree  
Swadhin Padia

CS Rajshree Padia  
FCS: 6804. COP: 7488

**AL&Co**  
ABHISHEK LAKHOTIA & Co  
COMPANY SECRETARIES  
Form MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

[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 **31<sup>st</sup> March, 2020** ('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 31<sup>st</sup> March 2020 according to the provision of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(not applicable as the Company is unlisted)**;
- iii. 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;



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Tel : +91 22 2593 3179 / 4970 7762 ; M : +91 90042 03179 / 93224 20337 ;  
Email : info@alandco.in ; Website : www.alandco.in

- iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **(not applicable)**;
- 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)**;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015**(not applicable as the Company is unlisted)**;
  - c. 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)**;
  - e. 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
  - h. 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 to the Company)**.



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except not complied with DPE Guidelines regarding Directors Training.

**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.

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:

1. Cessation of Smt. Yogita Arora as Consulting Actuary of the Company with effect from 16<sup>th</sup> April 2019.
2. Cessation of Shri Rajiv P. Manavi as Chief Financial Officer of the Company with effect from 30<sup>th</sup> April 2019.
3. Appointment of Shri Nirdosh Chopra as Chief Risk officer of the Company with effect from 02<sup>nd</sup> May 2019.
4. Cessation of Shri Ishnath Jha as Chief Risk officer of the Company with effect from 02<sup>nd</sup> May 2019.
5. Appointment of Shri Ishnath Jha as General Manager-Chief Financial Officer of the Company with effect from 08<sup>th</sup> May 2019.
6. Appointment of Shri Sristiraj Ambastha as General Manager of the Company with effect from 08<sup>th</sup> May 2019.
7. Appointment of Shri Rajnish Kumar as Non-Executive, Part-Time Director of the Company with effect from 29<sup>th</sup> May 2019.
8. Cessation of Shri Ganesh Kumar Gupta as Non-Official Director of the Company with effect from 27<sup>th</sup> June 2019.
9. Cessation of Shri V. Dharmarajan as Executive Director (Operations) and Key Managerial Person of the Company with effect from 30<sup>th</sup> June 2019.
10. Appointment of Shri Subir Kumar Das as Key Managerial Person of the Company with effect from 01<sup>st</sup> July 2019.
11. Change in Designation of Smt. Padmavathy R. from General Manager to Executive Director (Operations) of the Company with effect from 01<sup>st</sup> July 2019.
12. Appointment of Shri Sharad Kumar Saraf as Non-Official Director of the Company with effect from 01<sup>st</sup> July 2019.



effect from 22<sup>nd</sup> July 2019.

13. Appointment of Shri David Paul Rasquinha as Non-Executive, Part-Time Director of the Company with effect from 22<sup>nd</sup> July 2019.
14. Appointment of Shri Prashant Kumar Dalmia as Non-official, Part-Time Director of the Company with effect from 24<sup>th</sup> July 2019.
15. Cessation of Directorship of Smt. Alice G Vaidyan as Non-Official Director of the Company with effect from 31<sup>st</sup> July 2019.
16. Cessation of Directorship of Shri Prashant Kumar Dalmia, Non-Executive, Independent Director of the Company with effect from 16<sup>th</sup> September 2019.
17. Retirement of Smt. Geetha Muralidhar as Chairman-cum-Managing Director of the Company with effect from 31<sup>st</sup> October 2019.
18. Retirement of Smt. Uma Shankar as Non-Executive Part-Time Director of the Company with effect from 31<sup>st</sup> October 2019.
19. Additional charge assigned to Shri Senthilnathan Muthukumarasamy of Chairman-cum-Managing Director of the Company with effect from 01<sup>st</sup> November 2019.
20. Cessation of Shri Kulasekhara Pandian as Chief Investment Officer and KMP of the Company with effect from 26<sup>th</sup> November 2019.
21. Appointment of Smt. Arpita Sen as Chief Investment Officer and KMP of the Company with effect from 26<sup>th</sup> November 2019.
22. Appointment of Smt. Priscilla Sinha as Appointed Actuary of the Company with effect from 27<sup>th</sup> January 2020 and designation of Smt. Priscilla Sinha from 28<sup>th</sup> November 2019 to 26<sup>th</sup> January 2020 treated as Actuary.
23. Appointment of Shri Shirish Chandra Murmu as Non-Executive Part-Time Director of the Company with effect from 10<sup>th</sup> January 2020.
24. Appointment of Shri Devesh Srivastava as Ex-Officio Non-Executive Part-Time Director of the Company with effect from 21<sup>st</sup> January 2020.
25. Cessation of Directorship of Shri Maneck Eruch Davar as Non-Executive Part-Time Director of the Company with effect from 29<sup>th</sup> January 2020.
26. Cessation of Directorship of Smt. Malathi Rani Saranala as Non-Executive Part-Time Director of the Company with effect from 29<sup>th</sup> January 2020.

Date: 12.08.2020

Place: Mumbai



For Abhishek Lakhota & Co.

*Abhishek Lakhota*  
Abhishek Lakhota

M.No.9082

F.No.10547

UDIN: F009082B000572249

**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:**

1. 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.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer :**

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is 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.

Date: 12.08.2020  
Place: Mumbai



For Abhishek Lakhota & Co.

*Abhishek Lakhota*  
Abhishek Lakhota

M.No.9082

F.No.10547

UDIN: F009082B000572249

## **Annexure V**

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

### **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 guideline issued by the Department of Public Enterprise (DPE) on CSR in 2014 and has a Board approved CSR policy. A CSR Committee of Board has been constituted to monitor the CSR initiatives of the Company. An aggregate amount of ₹11.82 crore was spent on CSR Activities of the Company during FY 2019-20.

The Company has continued to support five Community Study Centres in Mumbai, M-Ward, Vashi Naka, Mahul Village, Study Centre at Deonar and Scholarship programme through Tata Institute of Social Sciences. The Community study centre aims at providing curriculum based education as well as extracurricular activities for the overall development of the under-privileged students. Two 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 (Development) and another project of upgradation of skills of Artisan women of Barmer district, Rajasthan, implemented by Concern India Foundation were completed during the FY 2019-20. The Company also initiated a programme with its partner Sanmitra Trust to create awareness of HIV/AIDS and to assist people living with HIV/AIDS by providing medical support, nutrition, counseling, education and confidence-building activities. The Company supported a family of ten children in the SOS village India project in Guwahati, Assam. The Company along with the implementing

partner SUADHA (Social Upliftment and Development of Human), constructed toilets/bathrooms in three tribal residential school in Shapur Taluka, Thane district and Palghar District, in Maharashtra under Swachh Action Plan activity of the Company. Further, a contribution of ₹50 lakh was made to the Swachh Bharat Kosh in support of the Swachh Bharat Abhiyan during the year. The Company made a contribution of ₹400 lakh to the Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) with the primary objective of dealing with any kind of emergency or distress situation such as those posed by Covid-19 pandemic.

**THE COMPOSITION OF CSR COMMITTEE :**

CSR Committee of Board comprises of Shri M. Senthilnathan, CMD, ECGC, Shri Bidyut Bihari Swain, Special Secretary, MOC &I, Shri Shirish Chandra Murmu, ED, RBI, Shri Devesh Srivastava, CMD, GIC, Shri Sharad Kumar Saraf, President, FIEO, and Shri Sunil Joshi, ED, ECGC as members for monitoring of the Company's activities/initiatives as per the DPE's revised guidelines effective from April 01, 2014.

As per the CSR policy a committee consisting of internal executives with CMD as the Chairman is also in place.

**NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS AS PER SECTION 198 OF THE COMPANY'S ACT.**

<b>Financial Year</b>	<b>Net Profit ( ₹ in crore)</b>
2016-17	407.49
2017-18	129.78
2018-19	314.39
Average Profit	283.89

## **PRESCRIBED CSR EXPENDITURE**

**(Two per cent of the amount as in item 3 above)**

<b>Financial Year</b>	<b>Allocation of Budget (₹ in crore)</b>
2017-18	7.00
2018-19	7.00
2019-20	7.00

## **DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR**

(a) Total amount to be spent for FY 2019-20= ₹7 crore

(b) Amount unspent if any:

Amount unspent (Excludes committed amount) up to FY 2019-20=  
NIL

## **CSR RESPONSIBILITY STATEMENT**

The Company has adopted 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 relates to health, 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 CSR objectives and Policy of the Company.

**Sd/-**

**CEO & Chairman of the CSR Committee  
DIN 07376766**

Place: Mumbai

Date: August 21, 2020

(c) MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR IS DETAILED BELOW:

(Rupees in lakh)

S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs (i) Local Areas or other (2) Specify the State and district where projects and programs were undertaken	Projects or programs - Specify the district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency.
1	Scholarship to underprivileged children (2018-19)	Education	Project-Maharashtra	Mumbai		72.49	315.73	Through :Tata Institute of Social Sciences
2	Scholarship to underprivileged children (2019-20)	Education	Project-Maharashtra	Mumbai		33.44		Through :Tata Institute of Social Sciences
3	Saksham-Community Study Centre	Education	Project-Maharashtra	Mumbai		113.22	356.09	Through :Tata Institute of Social Sciences
4	M-'Power' library and study Centre	Education	Project-Maharashtra	Mumbai		63.99	116.87	Through :Tata Institute of Social Sciences
5	Establishment of Smart classes and support to 3000 drop out girl students to complete their secondary education	Education	project-Madhya Pradesh	Rajgarh		150.00	250.00	Through: District Collector

6	Providing classroom item at Middle school Chennai Municipality Corporation	Education	Non-Project - Tamil Nadu	Chennai		1.30	1.30	ECGC
7	Running of Anandalayas Vivekananda Kendra, Assam & Arunachal Pradesh(2019-20)	Education	Project-Assam	Multiple districts		42.20		Through: Vivekananda Kendra
8	Running of Anandalayas Vivekananda Kendra, Assam & Arunachal Pradesh(2018-19)	Education	Project-Assam	Multiple districts		10.20	97.57	Through: Vivekananda Kendra
9	Classroom infrastructure support to school, Wessang	Education	Non- Project-Arunachal Pradesh	East Kameng		20.27	27.02	Through: Vivekananda Kendra
10	Running of Anandalayas Vivekananda Kendra, Odisha	Education	Project-Odisha	Odisha		4.29	4.29	Through: Vivekananda Kendra
11	Community Computer Centre Vivekananda Kendra, Odisha	Education	Project-Odisha	Odisha		1.31	8.49	Through: Vivekananda Kendra
12	Providing school education to a home consisting of children run by SOS Village India	Education	Project-Assam	Guwahati		9.07	9.07	Through: Vivekananda Kendra
13	Mobile Library cum Audio visual van Vivekananda Kendra, Odisha	Education	Project-Odisha	Sambalpur		1.10	11.66	Through: Vivekananda Kendra

14	Providing of Solar Lamps	Education	Project-Tamil Nadu	Settur Village of Kolli Hills		10.00	10.00	Through: Abhinavgram Society
15	PM CARES Fund	Healthcare	Non- Project-Delhi	Delhi		400.00	400.00	Direct
16	Mobile Medicare Unit- provide free primary medical assistance	Healthcare	Project-Odisha	Sambalpur		12.61	12.61	Through: Vivekananda Kendra
17	Save a Child Project	Healthcare	Project- Tamil Nadu	Chennai		2.02	53.01	Through Ekam Foundation
18	Providing of basic primary medical Assistance	Healthcare	Project-Maharashtra	Pune		15.12	15.12	Through: Vanvasi Ashram Kalyan
19	Medical surgery camps	Healthcare	Project-Assam	Dibrugarh		8.47	30.97	Through: Vivekananda Kendra
20	Providing protective shoes to Leprosy patients	Healthcare	New Delhi	Delhi		10.00	10.00	Through: Leprosy Trust Mission India
21	Creating Awareness of HIV/Aids and Support to people living with Aids - Sanmitra Trust	Healthcare	Project-Maharashtra	Mumbai		10.00	10.00	Through :Sanmitra Trust
22	Distribution of artificial limbs - ALIMCO	Healthcare	Project-Assam	Guwahati		5.96	5.96	Through Alimco
23	Assistance for treatment of 400 patients suffering from Tuberculosis	Healthcare	Project- Uttar Pradesh	Varanasi		10.00	30.00	Through: Sankalp Foundation

24	Contribution to construction of two rooms at Old Age Home, Bangalore	Support to Senior Citizens	Project-Karnataka	Bangalore		5.00	5.00	Through: Vanprastha Asgram
25	Distribution of folding canes to persons with visually impaired	Support to differently abled	Non-Project - Maharashtra	Mumbai		1.18	1.18	Blind Organisation of India
26	Contribution to Swachh Bharat Kosh	Sanitation	Non-Project - Delhi	Delhi		50.00	50.00	Direct
27	Construction of Toilets and bathrooms at tribal girl's Hostel	Sanitation	Project-Maharashtra	Thane		26.51	26.51	Through: SUADHA
28	Swachhta Pakhawada	Sanitation	Non-Project-All India	All India		9.63	9.63	Direct
29	CSR Activity on Foundation day	Education , Sanitation, Old age,Health care	Non- Project-All India	All India		5.55	5.55	Direct
30	Administrative Expenses		Non-Project-All India	All India		0.97	0.97	Direct
31	Training to deaf youth on Hospitality and Retail Industry-DEEDS	Skill Development	Project-Maharashtra	Mumbai		11.00	22.00	Through: DEEDS
32	Upgradation of skills to artisan women of Barmer	Skill Development	Project - Rajasthan	Barmer		10.83	25.00	Through: Concern India Foundation
33	Capacity Building of farmers	Skill Development	Project- Uttar Pradesh	Fatehpur		8.37	25.00	Through: Bioved

34	Training of unemployed youth on skill development	skill development	Project-Maharashtra	Mumbai		46.41	89.01	Through: SHED
35	Organizing medical surgery camp during October 2019							
				<b>TOTAL</b>		<b>1182.51</b>	<b>2035.61</b>	

**Sd/-**

**CEO & Chairman of the CSR Committee  
DIN 07376766**

Place: Mumbai

Date: August 21, 2020

**MANAGEMENT DISCUSSION & ANALYSIS**

**GLOBAL ECONOMY AND TRADE**

The global economy in 2019 continued to be weighed down by regional disputes, geopolitical tensions, tariff wars, and policy uncertainties, further compounded by the inherent risks of the Emerging Market Economies (EMEs), that had a large share in the 3% global growth rate of 2018. The world growth rate, underpinned by accommodative monetary policy and the retreat from the 'risk-on / risk-off' situation, was expected to recover after reaching the lowest level in the later half of 2019. This was, however, before the onset of the COVID-19 pandemic and its economic ramifications on supply chains, the levels of consumption and spending and international trade.

The GDP growth rate of the Advanced Economies (AEs) slowed markedly from 2.2 per cent in 2018 to 1.7 per cent in 2019. Slow investment and exports narrowed the US growth rate from 2.9 per cent in the previous year to 2.3 per cent in 2019. Economic activity of the Euro area significantly deteriorated with the growth rate falling from 1.9 per cent in 2018 to 1.3 per cent. Several economies of the area were pushed to the verge of a recession at some point in 2019, with particular weakness witnessed in the German industrial sector due to fall in demand, disruptions in automobiles, and Brexit uncertainty.

The GDP growth of Emerging Market and Developing Economies (EMDEs) also significantly slowed down from 4.3 per cent in 2018 to 3.7 per cent in 2019 with substantial weakness in industrial production, trade flows and investment deceleration. In all, growth in about 60 per cent of EMDEs is estimated to have slowed last year. Softening external demand, weaker

commodity process and political instability stalled recovery in low-income countries where the growth fell to an estimated 5.4 per cent in 2019.

The growth in volume of global trade (goods and services) witnessed a steep fall to 0.3% in 2019 from 3.9% in the previous year. While there was a severe decline in the manufacturing sector in G20 countries, the protectionist measures implemented by these countries alone, since 2018 is also estimated to have affected over USD one trillion worth of trade flows. In value terms, the merchandise exports dropped by three per cent to USD 18.89 trillion in 2019. In volume terms, the fall was by 0.1 per cent. In contrast, the value of commercial services exports grew by two per cent and stood at USD 6.03 trillion in 2019. In tandem with the exports performance, the merchandise import also dropped by (-) 2.9 per cent to USD 19.23 trillion in 2019. Overall, the trade performance of the AEs was better in comparison with the EMDEs in 2019. The volume of exports from the EMDEs declined y-o-y by 3.3% to 0.8% while that of the AEs declined by 2.1% to 1.2%. The import volume from the EMDEs and the AEs fell to -0.8 per cent (from 5.1 per cent) and to 1.5 per cent (from 3.3 per cent) respectively.

Adding to the already sluggish global trade performance, the challenges have increased manifold with the COVID-19 pandemic that has aggravated demand and supply shocks. The world is staring at a prolonged slowdown, falling consumption levels, arduous debt burden, and contracting export orders as a result of the pandemic.

## **OUTLOOK**

The impact of the economic fallout due to the COVID-19 is unprecedented. Most countries are already witnessing severe contraction of economic activities. Limited business operations due to prolonged temporary closures

and restrictions on the free movement of people and goods have severely limited the companies' ability to meet their trade commitments.

Various predictions place the scale of financial losses arising from COVID-19 to be worse than the decline seen in the aftermath of the Global Financial Crisis in FY 2008-09. The level of uncertainties associated with the resumption of normal activities and the risk of "reverse supply chain contagion" is estimated to cause a contraction of world economic output and the sectors with complex supply chains like the automobile, textile and airlines will have a significant exposure to risk. The IMF places this contraction at 4.9% with the advanced economies contracting at (-) 8% and the EMDEs at (-) 3%. The WTO has forecast a drop in international trade by between 13% at best and 32% at worst in 2020. While a double-digit decline will be witnessed by almost all the regions, exports from North America and Asia will be the hardest hit.

Export-oriented economies are likely to be hit the most as declining income and consumption levels will be detrimental to demand leading to curtailed movement of goods. Trade finance and credit insurance will be required to play a major role. In 2018, the credit insurers covered USD 2.5 trillion of global exports. A higher support of nearly USD five trillion is estimated to ensure a V-shaped recovery.

As the pandemic tests the resilience of the economies while altering the landscape significantly, a broad range of measures will be required to bolster the growth stimulus in future. A major focus would be on the MSME industries and their liquidity arrangement as this is the hardest hit sector. An important role will be played by the Central Banks of countries in the revival of the economies by creating a fiscal space that ensures liquidity and

financial market stability, supporting restructuring and managing the already burgeoning debt levels.

## **INDIA'S EXPORTS**

During the FY 2019-20, India's Merchandise and Services exports stood at US \$527.84 billion (₹37,40,881 crore), reflecting a negative growth of (-) 1.9 per cent over the total exports of USD 538.07 billion (₹37,63,940 crore) in FY 2018-19. Overall imports in April-March 2019-20 were US \$605.55 billion (₹42,88,706 crore), reflecting a negative growth of (-) 5.4 per cent over the same period last year.

The value of India's Merchandise exports for the FY 2019-2020 was US \$313.23 billion (₹22,18,942 crore) as against US \$330.07 billion (₹23,07,663 crore) over the same period last year, registering a negative growth of (-) 5.1 per cent in Dollar terms and (-) 3.9 per cent in Rupee terms.

The total value of merchandise imports for the period April-March 2019-20 was USD 473.99 billion (₹33,55,725 crore), as against USD 514.03 billion (₹35,94,373 crore) during the same period in 2018-19, registering a negative growth of (-) 7.8 per cent and (-) 6.6 per cent in Dollar and Rupee terms respectively. The decline in exports is mainly due to the global economic slowdown, which was further aggravated by the health crisis caused by Covid-19. This has resulted in large-scale disruptions in supply chains and demand leading to order cancellations.

While the service trade balance (i.e., Exports - Imports) reflected a surplus of US\$ 83.05 billion (₹5,88,958 crore) in the FY 2019-20, the Merchandise trade balance reflected a deficit of US\$160.75 billion (₹11,36,783 crore)

The overall Trade deficit for the FY 2019-20 stands at USD 77.70 billion (₹5,47,825 crore).

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

### **SHORT-TERM EXPORT CREDIT INSURANCE POLICIES**

The number of distinct exporters availing themselves of the Company's cover for export receivables (Short-Term Export Credit Insurance Policies) was 7843 as of 31st March, 2020 as against 8449 as of 31st March, 2019. During the FY 2019-20, the total number of Short-Term (ST) Export Credit Insurance Policies issued and renewed was 12673 as against 13487 issued during previous FY 2018-19. The number of ST Policies in force as of 31st March, 2020 was 11598 with a total Maximum Liability (ML) of ₹43,432.40 crore as against 12325 policies in force with a total ML of ₹44,077.51 crore as of 31st March, 2019, showing a decrease of 5.89% in the number of policies in force and a negative growth of 1.46% in the total ML in force. The total number of fresh policies issued during the year was 4956 out of which 1231 were WT policies.

The share of distinct exporters belonging to the Micro, Small and Medium Exporters (MSME) sector, holding the Company's policy products in the total no. of distinct exporter clients was 98.20% as of 31st March, 2020 as against 98.11% as of 31st March 2019 (MSME are those exporters with policy covers with ML less than or equal to ₹40 crore).

Declaration-based policies viz. Shipment (Comprehensive Risks) (SCR) Policies, Export Turnover Policies (ETP), Services Policies, Small Exporter's Policies (SEP), Buyer-Wise Policies, Consignment Policies etc. continued to maintain the larger share at 54.79% of the policies in force as

at the end of FY 2019-20. 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 45.21% of the policies in force as at the end of FY 2019-20. As of March 31, 2020, the total number of exposure-based shipment policies in force viz. MBEP, SBEP, MITES, SITES etc. was 5244 as against 5333 as of 31st March, 2019, indicating a decrease of 89 in number.

Total business covered under the ST Policies during the FY 2019-20 was ₹2,15,021.77 crore, as against ₹1,98,817 crore during the previous year, thereby registering a growth of 8.15%. The premium income under ST Policies was ₹403.24 crore as against ₹412.26 crore in the previous FY, registering a negative growth of 2.19%. The total number of claims paid under ST Policies during FY 2019-20 was 463 amounting to ₹147.02 crore as against 541 claims amounting to ₹168.13 crore during the previous FY 2018-19.

Recovery under ST Policy was ₹10.25 crore as against ₹21.47 crore during the previous year, showing a negative growth of 52.25%.

### **CUSTOMER SPECIFIC COVERS**

The Company had, with the approval of the Insurance Regulatory and Development Authority of India (IRDAI), introduced Customer Specific Covers (CSC) which are tailor-made to suit specific requirements of the policyholders 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 to be the base policy.

During the FY 2019-20, 272 customized policies were issued/renewed with a total Maximum Liability/ Aggregate Loss Limit (ML/ALL) of ₹6,666.19 crore as against 290 customized policies issued with total Maximum Liability/ Aggregate Loss Limit (ML/ALL) of ₹7,310.17 crore during the previous year. As of March 31st, 2020, 112 CSC policies were in force with a total ML/ALL of ₹3,493.87 crore as against 148 CSC policies in force with ML/ALL of ₹4,643.61 crore as of 31st March, 2019. Annual premium income under CSC policies was ₹89.36 crore as against ₹93.39 crore during the previous year. During the period April 2019 to March 2020, claims paid under customized policies decreased to ₹20.61 crore from ₹21.69 crore during the previous year.

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

The premium earned under ST ECIB for the FY 2019-20 was ₹644.79 crore (previous year ₹806.83 crore), registering a decline of 20.08% over the previous year. ECIB premium accounted for 59.95% of the aggregate premium for the FY 2019-20, from all sectors. The number of claims paid declined to 91 in FY 2019-20 from 184 in the previous FY, the value of claims paid during FY 2019-20 also decreased significantly to ₹261.65 crore as against ₹813.39 crore in the previous year. The recovery made in the current year was at ₹156.17 crore as against ₹129.36 crore during last year. Average number of days taken for claim payment improved to 58.62 days in FY 2019-20 from 60.10 days in the previous FY. 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 ₹85,456.68 crore compared to ₹1,13,816.79 crore in the previous year (FY). The number of accounts covered under the schemes during the year as of March 31, 2020 is 16,248

compared to 19,181 as of March 31, 2019. A total of 10,621 (PY-11,925) distinct exporters of which more than 93.17% are MSMEs (i.e. Exporter accounts with sanctioned credit limit less than or equal to ₹50 crore) have been supported through the covers. It is estimated that export credit advances worth ₹3,41,827 crore has been supported during this year compared to ₹4,31,988 crore in the previous year. The estimation has been done in compliance of the instruction of the Department of Economic Affairs, Ministry of Finance. The estimates are based on data sourced from RBI and considering the fact that 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 were fixed based on the three year claim premium ratio and percentages of cover were determined on the six-year claim-premium ratio. Appropriate risk mitigation measures were continued in respect of Gems, Jewellery and Diamond sector in view of high claim-premium ratio with an objective of protecting the interest of ECGC as well as that of banks.

### **MEDIUM-AND LONG-TERM BUSINESS**

The premium income from the Medium-and Long-Term (MLT) business for the FY 2019-20 stood at ₹25.52 crore as against ₹28.45 crore in the previous year. No claim was paid during the FY 2019-20. The top five countries in which the Company has underwritten major business during the FY 2019-20 are Bangladesh, Ethiopia, Cote D'Ivoire, Afghanistan and Nepal.

During the FY 2019-20, 30 credit insurance policies were issued to MLT projects exporters which were similar to the number of policies issued in the FY 2018-19, covering political risks and comprehensive risks on various projects undertaken by them. Major sectors covered are Power

Transmission & Distribution, Hydro Power Equipment and Supply of Capital Goods etc. One Buyer's Credit cover was also issued to Exim Bank of India for a cement plant project in Cote D'Ivoire. The number of covers issued under Export Credit Insurance to Banks (ECIB) during the FY 2019-20 was 89 as against 110 in the previous year. There was no Overseas Investment Insurance (OII) cover issued during the FY 2019-20.

### **NATIONAL EXPORT INSURANCE ACCOUNT (NEIA)**

The NEIA Trust has been established by the Government of India (GOI) with the objective of ensuring availability of necessary credit risk cover for Medium-and Long-Term (MLT) high-value projects which are desirable from the point of view of national interest. The Trust has an underwriting corpus of ₹3,220.39 crore as of March 31, 2020. The underwriting capacity of the Trust is ₹64,407.80 crore of which 25% amounting to ₹16,101.95 crore has been earmarked for supporting MLT covers issued by the Company. The insured risks in respect of 248 covers issued supporting 151 projects in 39 countries has been shared with the NEIA to the extent of ₹10,687 crore. The balance 75% of ₹64,407.80 crore amounting to ₹48,305.85 crore is earmarked for the Buyer's Credit scheme of the NEIA Trust (BC-NEIA). As of March 31,2020, the Trust has issued 22 Buyer's Credit covers with a Maximum Liability of ₹19,464 crore for 22 projects in Sri Lanka, Zambia, Zimbabwe, Mozambique, Tanzania, Senegal, Iran, Maldives, Cote D'Ivoire, Ghana, Cameroon, Suriname and Mauritania.

The Trust is managed by the Company. The Company receives 5% of guarantee fee income earned by the Trust as the management fee and during the year the Company received ₹3.87 crore as its income from the Trust.

## **FACTORING**

### **Full-Fledged Factoring Scheme (FFFS)**

The Board of Directors had at its meeting held on 13th May 2014 approved the Full-Fledged Factoring Scheme (FFFS) primarily for MSME exporters. During the current year, the Company has approved three proposals as at March 31, 2020 to two exporters. During the period, nine bills have been factored amounting to USD 303,880.00 (₹2,14,44,430).

### **Cover to Factors**

Factoring Companies in India have approached ECGC Limited for issuance of credit insurance cover in respect of export receivables handled by them due to the reason that import factor is sometimes not available or is expensive.

With the due approvals of the Board of Directors and the 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.

## **INVESTMENTS**

As of March 31, 2020, the investment portfolio comprising of investments in Government Securities, Corporate Bonds, Equity Shares, Fixed Deposits etc. stood at ₹12241.59 crore as against ₹10,344.99 crore as of March 31,

2019, showing an increase of ₹1,896.60 crore, i.e. increase of 18.33%. The growth in Investment Portfolio was on account of infusion of additional capital and surplus generated from investments.

The Company has complied with all regulatory requirements in respect of investments and investment under mandatory category stood at 67.03% as against 45% prescribed by IRDAI.

Income generated from investment operations (including profit on sale of investments) increased to ₹876.70 crore in FY 2019-20 from ₹782.67 crore in FY 2018-19, recording an increase of ₹94.03 crore i.e. increase of 12.01%. Increase in the investment income during the year is mainly due to increase in the Investment portfolio as mentioned above. The yield on investment for the year FY 2019-20 was 8.29% as against 8.76% 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 make sound underwriting decisions on buyers by fixing overall credit limits on the basis of various underwriting parameters and taking into account the business requirements. The department obtains and analyses the latest credit information reports 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, suggested overall credit limits are fixed on overseas buyers with the scorecard-based suggested limits serving as a guiding post.

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

During the FY 2019-20, in line with the developments in international trade, certain minor modifications were made in the Scorecard model, with the approval of the Head Office Underwriting Committee (HUC), for determination of scorecard based overall limit on a buyer. The changes enabled ECGC to meet the credit limit requirement of the policyholders.

In the last financial year, a few changes were made in the Application Software, which facilitated quicker and timely preparation of scorecards of the buyers.

The number of credit limit applications received in FY 2019-20 was 33,424 as against 36,259 in the previous year. During the FY 2019-20, the aggregate Overall Limits fixed on foreign buyers was ₹51,981 crore as against ₹43,829 crore in the previous year. The number of new buyers added to the Company's database during FY 2019-20 was 19,068 as against 17,699 in the previous year.

## **COUNTRY UNDERWRITING**

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

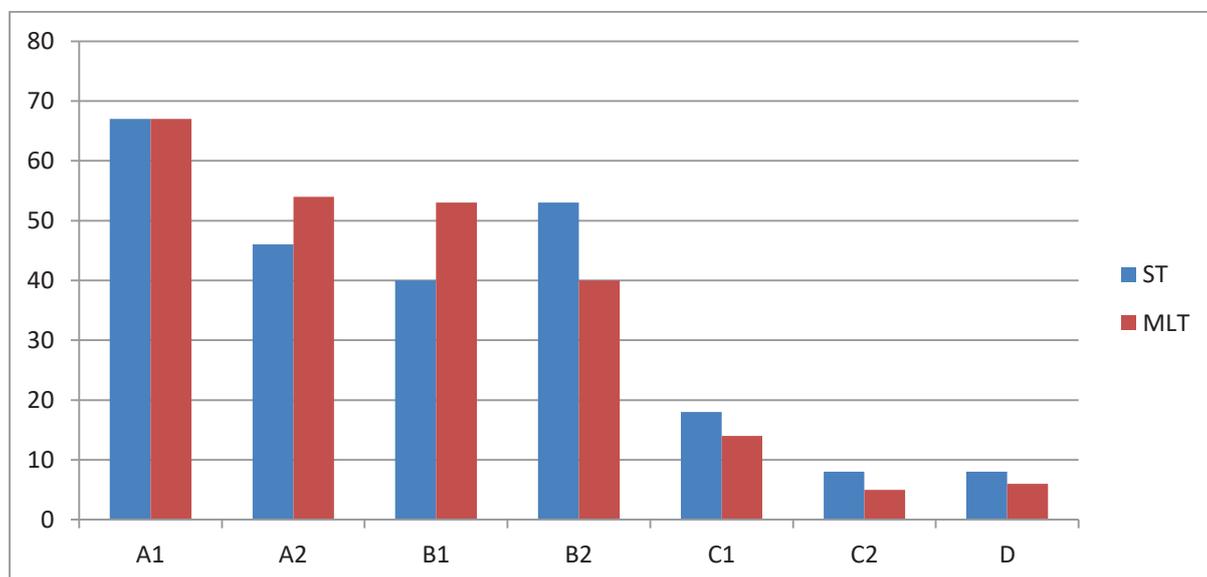
The Company has an in-house objective scoring system that reviews and maps the risk profile of countries on a seven-fold classification of 'A1' (Insignificant risk), 'A2'(Low Risk), 'B1'(Moderately Low Risk), 'B2' (Moderate Risk), 'C1 '(Moderately High Risk), 'C2' (High Risk) and 'D' (Very High Risk). The scoring system evaluates countries based on a host of parameters, including political, economic and trade risks. The county rating so arrived at has an impact on calculation of premium, 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 rating of countries under short-term (ST) and medium-and-long term (MLT). These models are reviewed as and when necessary. The latest such review was carried out in May 2019.

A review of risk classification of countries is carried out on an yearly, half-yearly and, if necessary, on an ad-hoc basis taking into account the latest economic and political developments. During the FY 2019-20:

- a) South Sudan was added by the Company to its country risk classification list.
- b) The Company withdrew its cover on Pakistan temporarily by placing it under the 'Off-Cover' category based on an ad-hoc review. However, a commodity specific cover has been reinstated on Pakistan, under Short-Term only, w.e.f. 01.12.2019 for 'therapeutic products', regulated by the Drug Regulatory Authority of Pakistan.

The total number of countries reviewed by the Company as of 31.03.2020 stood at 240.

The summary of country risk classification as of March 31, 2020 is as follows:



	A1	A2	B1	B2	C1	C2	D
ST	67	46	40	53	18	8	8
MLT*	67	54	53	40	14	5	6

\*Pakistan is off-cover under MLT w.e.f 09.08.2019

### Country Cover

Further, the 240 countries are placed under 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 31.03.2020, 217 Countries are placed in Open Cover, 15 countries in Restricted Cover Category-I and 8 countries in Restricted Cover Category-II.

The Country Exposure Limits (CEL) for all 240 countries have been fixed based on the business volume, experience and anticipated business.

## **REINSURANCE**

For the FY 2019-20 the Company had a Proportional (Quota Share – QS) Reinsurance treaty to the extent of 26% for Short-Term Policy (Swiss Re 8%, SCOR 5%, GIC Re 8%, Partner Re 2%, and Hannover Re 3%) and 14.50% for Short-Term ECIB (Swiss Re 4%, SCOR 2.5%, GIC Re 4%, Partner Re 1%, and Hannover Re 3%) from Indian and Cross-Border Reinsurers along with 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 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 it so as to decide its underwriting policy and the terms of its cover, based on 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 has fixed limits for exposure 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 fresh export credit limits to Gems, Jewellery and Diamond Sector under WT covers issued to banks and also by introducing criteria for fixing Country Exposure Limits. In addition to these norms, during FY 2015-16, the Company further modified the prudential norms for Exposure Limits on buyer/LC opening banks under short-term policies, individual exporter/group exporter under short-term ECIB Schemes,

exposure norms for industry sector and Medium- and Long- Term export transactions.

During FY 2019-20, the Company has reviewed its Risk Management Policy to establish enterprise-wide information system and regulate risk profile through its internal risk management framework.

Besides operational and financial risks, the Company is also dedicated to focus on Information & Cyber Security risks. The Company has conducted the Information & Cyber Security Risk Audit. Steps have been initiated to achieve higher maturity level in terms of risk management framework.

Currently, the Company is under process of setting up a full-fledged Enterprise wide Risk Management (ERM) framework in order to create a more robust risk management framework and cultivate a risk aware culture.

### **RECOVERIES**

ST ECIB: During the FY 2019-20, a sum of ₹.155.47 crore was recovered against claims paid and pending for recovery compared to ₹129.36 crore, for the same period, in the previous FY.

ST Policy: A sum of ₹10.21 crore was recovered from claims paid and pending for recovery under Short-Term Policies during the FY 2019-20 compared to ₹21.47 crore for the same period in the previous FY.

MLT ECIB: During the FY 2019-20, there was a recovery of ₹5.82 lakh against claims paid and pending for recovery in continuation the same trend, in the previous FY.

## **INFORMATION TECHNOLOGY (IT)**

The Company has successfully rolled out a fault-tolerant, scalable, secure network for all its locations and better connectivity for its employees as well as clients. The Company continues to invest in IT infrastructure and information security solutions to ensure endpoint security as well as to increase the client satisfaction. The ECGC Enterprise Resource Planning (ERP) revamp project being undertaken by C-DAC is progressing to Development and Implementation stage. The original timelines of mid – 2020 would be pushed forward due to the impact of Covid-19, but all efforts are being made to mitigate the delays thereof and to complete the ERP project as early as possible. The Company is also in the process of launching a new mobile application for clients.

## **MARKETING AND PUBLICITY**

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

The Division bears the responsibility of fixing business targets for branches and monitoring the performance vis-à-vis the target fixed under various parameters. The Division holds reviews of 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 bodies like Export Promotion Councils (EPCs), Commodity Boards (CBs), Federation of Indian Export Organisations (FIEO), Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), etc.

As part of the Company's marketing efforts, besides organizing insurance education/awareness programmes for the benefit of exporters and bankers, skill development programmes, personal visits to clients are undertaken.

The Covid-19 pandemic has resulted in disruption of trade across the globe with a trickle-down effect on Indian exporters. The Company undertook various steps to provide support to its customers. The following relaxations were provided to the exporter-customers of the Company:

- i. Relaxing time for filing returns and filing claim/replies up to 31<sup>st</sup> August 2020.
- ii. Credit limit application fee was waived off and policy proposal fee was reduced by 50% till 31<sup>st</sup> August 2020.
- iii. Cover for Specific Shipment Policy was extended automatically up to June 2020.
- iv. Discretion given to exporters to convert the terms of payment from DP to DA and extend due date for payment by buyers for shipments accepted earlier. Also, discretion was provided to exporters to decide about shipments (i.e. resale / reimport / or abandon) that reached destination but not cleared by overseas buyers due to lockdown in the destination countries.
- v. Claim eligibility period (waiting period) under insurance cover was reduced from the present four months to one month.

For customer-banks, the Company provided the following relaxations:

- i. The time limit for filing of extension in due date for the advances which had crossed 360 days under Packing Credit and 180 days under Post-Shipment advances (360 days for status holders) and filing of Report of default under the Export Credit Insurance for Banks (ECIB) covers was extended up to May 2020.
- ii. Further, time for filing of monthly declaration for the month of March 2020, was extended up to May, 2020.
- iii. Time for filing claim/ replies was extended up to 31/08/2020.

- iv. Discretion to Banks given to extend the due dates advances that were granted up to 31/07/2020 by a maximum period of 15 months from the date of shipment.

In additions to the operational relaxations, the following steps were undertaken for the employees and stakeholders:

- i. The Company donated an amount of Rs. four crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) fund.
- ii. Helpline numbers were provided at Corporate website.
- iii. Customer meets were conducted online and webinars were conducted to guide the exporters and create awareness about the Company.
- iv. Sanitization of all the office premises were undertaken on a continuous basis.
- v. Face masks and sanitizers were distributed monthly to all the employees.
- vi. Bus facilities were arranged for employees to commute to office.
- vii. Payment of wages to all casual workers and services providers were made without disruption.

## **CORPORATE PLAN**

The concept of a Corporate Plan was introduced to direct the resources-financial, manpower and managerial in a planned and systematic manner. National Marketing Division reviewed and updated the Corporate Plan for the five year period 2019-20 to 2023-24.

The Corporate Plan is a road map of the Company for the next five years and spells the 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 counterpart, 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 business segments and the resultant projection of financial results. Annual achievement vis-à-vis the plan helps the Company in reviewing and improving the business strategies.

### **ALTERNATE MARKETING & DISTRIBUTION CHANNELS**

In order to strengthen the marketing and distribution of credit insurance products and to increase the penetration of credit insurance in India, the National Marketing Division (NMD) has empanelled 151 brokers and one Corporate Agent (Bank) as of March 31, 2020. Continuous efforts are being made to strengthen and expand this channel further. The NMD and the Regional/Branch offices conduct workshops for brokers which help in educating them about the features of various policies, to enable them to effectively market ECGC covers, thereby protecting and promoting India's exports on credit terms.

During FY19-20, the premium earned under the business procured through the brokers was ₹85.18 crore which constitutes 21.03% of the Short-Term policy premium income of ₹405.11 crore. The premium earned under the business procured through Corporate Agent (Bank) was ₹1.05 crore for FY 2019-20.

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

The Company has adopted CSR Policy as per the guidelines issued by the Department of Public Enterprises (DPE). Accordingly, it requires to spend at least two per cent 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, primary education, skill development, ensuring livelihood, environment, sustainable development, women empowerment, strengthening services for the differently-abled and support to the Scheduled Tribe community. An aggregate amount of ₹11.82 crore was spent on CSR activities of the Company during FY 2019-20. Further, allocation of ₹1.31 crore has been made for projects already initiated.

The implementation partners for CSR activities are the Tata Institute of Social Sciences (TISS); Science & Technology Park (STP), Pune; Vivekananda Kendra, Mumbai; Ekam Foundation, Chennai; Society for Human and Environment Development (SHED), Development Education Empowerment of Disadvantage in Society (DEEDS) and Concern India Foundation. A number of initiatives have been undertaken in the field of education, health care, skill development, support to differently-abled, Contribution to the Swachh Bharat Kosh account and support to the PM CARES Fund to deal with distress situation such as those posed by the Covid-19 pandemic. The Company continued to support the TISS for 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 Vivekananda Kendra in Assam, Arunachal Pradesh and Odisha in running of Anandalayas to provide informal education to school going children of tea garden workers.

#### **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 2019-20

by the Department of Official Language, Ministry of Home Affairs, Government of India. Company's Head Office was conferred with the third prize of the Rajbhasha Keerti Puraskaar, by the Department of Official Language, Ministry of Home Affairs. The Company was also awarded the first prize by the first Mumbai Town Official Language Implementation committee (TOLIC), (Undertaking) for effective implementation of the official language policy.

During the FY 2019-20, the third sub-committee of the Parliamentary Committee on Official Language had inspected the Company's Bandra SME Branch, Mumbai on January 20, 2020.

The Company continued its progress in the implementation of the Official Language Policy of the Government of India. The branch and regional offices of ECGC Ltd. celebrated the Hindi Fortnight from September 13, 2019 to September 27, 2019. During the Hindi Fortnight, various competitions were held and officers at all level participated enthusiastically. All India Hindi Officers' Conference was organized at Kasauli on November 20-21, 2019 to discuss the achievements and problems faced by the Rajbhasha Officers at Regional/Branch/HO (Dept.) level. At the conference, Rajbhasha Officers of various regional and branch offices and departments of Head Offices of ECGC Ltd. participated. During the conference the chief guest and officers of Rajbhasha Department made suggestions to solve the problems in implementation of the Official Language Policy, faced by the Rajbhasha officers posted at branches and regional offices.

A workshop on "Rajbhasha and Employment" was conducted under the aegis of the TOLIC(undertaking) Mumbai on 09.10.2019, in which Heads of all the three offices of the Ministry of Home Affairs, i.e. Regional Implementation Office, the Central Translation Bureau and the Institute of Hindi Teaching were present. Senior officers and Official Language officers

from various PSUs and officers from the Company's Head Office and Rajbhasha department participated in the conference.

Various incentives are given by the Company to encourage and motivate the employees, for furtherance of the use of Hindi, in their daily office work. To encourage employees to use Hindi in their day-to-day official work, employees at the Branch Offices, Regional Offices and 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 Hindi, with its customers, has been showing steady growth. With the installation of Unicode software in all the computers of the Company, branches have started sending mails in Hindi to exporters and bankers. The website of the Company is available in bilingual.

During the FY 2019-20, various training programs, including a training program for the sub-staff, were conducted by the Company, in which training was provided bilingually. In all the training programs conducted by the Company, a separate slot is kept for the Official Language Policy.

Quarterly Review meetings of the Official Language Implementation Committee were held regularly in all the Branch offices, Regional Offices and Head Office of the Company wherein detailed discussions were held with regard to implementation of the official language during the quarter.

## **INTERNATIONAL RELATIONS**

ECGC is an active member of the Berne Union (BU), the International Union of Credit and Investment Insurers, a leading global association of the export credit and investment insurance industry, and is closely associated

with its activities. The Company was the first Asian member to join the BU in 1957. The members benefit by continual interaction, which has been instrumental in enhancing common understanding and developing sound principles in export credit insurance. Collectively, members provide payment risk protection for approximately 13% of the global cross-border merchandise and service trade.

ECGC is a member of the Short-term (ST), Medium/Long-term (MLT) and Investment Insurance (INV) Committees of the BU and the Regional Co-operation Group (RCG), a special forum of the BU members from the Asia-Pacific region. Shri M Senthilnathan, Chairman-cum-Managing Director (CMD), presently represents ECGC in the Management Committee (MC) of the BU as a member of the ST committee. ECGC actively participated in the Berne Union Spring Meeting held at Singapore in April, 2019, the MC meetings held in April, July and October 2019 and in the Strategy session of the MC which was held in December 2019 in Spain.

#### Berne Union Annual General Meeting 2019

During October 20-24, 2019, ECGC hosted the Annual General Meeting (AGM) of the Berne Union (BU) at the Hyderabad International Convention Centre. This coincided with the 85<sup>th</sup> anniversary of the BU. The meeting was attended by 206 delegates from 59 countries who represented government-backed export credit agencies (ECAs), private credit and political risk insurers and multilateral institutions such as International Finance Corporation, and Multilateral Investment Guarantee Agency (MIGA). The ECGC delegation led by Mr. Senthilnathan attended the committee meetings, in addition to the all-member plenary meeting and the open workshop on Psychology of Decision Making. During these meetings, the members shared their business performance and participated in

technical sessions on underwriting, claims, project exports, regulatory issues, etc.

Dr. Anup Wadhawan, Commerce Secretary, Government of India was invited to present the keynote address during the Plenary session of the AGM held on October 23, 2019. He shared the global concern of rising international trade tensions and geopolitical disputes threatening the prosperity of the world and emphasised on the vital role played by the ECAs in complementing trade and investment, filling the market gap of inadequate capital flows, providing risk management tools and promoting international commerce and the flow of credit. In her welcome and introductory remark, Smt. Geetha Muralidhar, the then CMD, ECGC Ltd., highlighted the performance and importance of ECGC in promoting Indian exports.



Dr. Anup Wadhawan delivering the key note address

Dignitaries at the Plenary session of the BU AGM

In order to showcase India's rich cultural diversification, various social events were also organized. All meetings and events were well-attended and well-received by the delegates who expressed their satisfaction on the opportunities provided by the meeting in highlighting matters critical to trade and credit insurance.



Participants at the BU AGM 2019

The BU has initiated the 'Next Generation Programme' with the objective to increase the engagement of young professionals in the activities of BU; enhance the communication and networking opportunities among young BU members. ECGC, represented by Shri Vivek Tiwari, Senior Manager, is one of the members of the core group.

On the sidelines of the BU AGM, a bilateral meeting was held with Nippon Export Investment Insurance (NEXI), Japan. The delegation led by the respective Heads of ECAs discussed the possibilities of reinsurance arrangement between the two organisations, opportunities for joint projects in the African market and the avenues available in the aircraft leasing sector.



ECGC and NEXI officials at the bilateral meeting

With a view to enhancing mutual cooperation and facilitating business opportunities by stimulating trade and investment, ECGC signed a Memorandum of Understanding (MoU) with UKEF (UK) during the BU AGM 2019.



ECGC and UKEF signing the MoU

During the FY 2019-20, ECGC also signed MoUs with Agri Re (Mongolia) and Credit Oman (Oman). These agreements define the framework of co-operation in the areas of exchange of information, risk underwriting, reinsurance and risk management.



MoU between ECGC and Credit Oman

In furtherance of MoU objectives, ECGC has also been chosen by Credit Oman for a consultancy project which involves reviewing all aspects of their operations and suggest a plan of action for future.

On behalf of the Government of India, ECGC invested USD 11.7 mn in the African Trade Insurance Agency (ATI), a pan-African and multilateral investment and credit insurer, and subscribed to 100 Class 'B' shares in June 2019. The Republic of India is the first non-African member nation represented by ECGC on the Board of Directors of ATI. ECGC was invited to attend the 19<sup>th</sup> AGM and the 66<sup>th</sup> Board of Directors meeting of the ATI during 03 – 05 July 2019 in Cotonou, Benin. CMD, ECGC delivered an address during the 6<sup>th</sup> Roundtable Event and was a panel member on the topic of 'New Opportunities Emerging from Redefined Donor-Government Partnerships'. The subsequent 68<sup>th</sup> Meeting of Board of Directors of ATI and the Fourth Extraordinary General meeting of ATI held in Nairobi, Kenya and Washington D C, USA respectively in October 2019, were duly attended by the Company.

ECGC works in close association with ECAs globally. The G-12 meeting held in China during 13-14 May 2019 and BRICS meeting held in Brazil during 10-11 November 2019 provided opportunities to the Heads of the ECAs to collaborate on trade-related projects and have in-depth discussion on issues of common interest.

The officials of ECGC attended the 19<sup>th</sup> and 20<sup>th</sup> meetings of the International Working Group (IWG) on Export Credit. ECGC is a member of the seven Working Groups under the IWG and actively participates in the inter-sessional discussions.

Bilateral meetings were also held with the Commonwealth (UK), MIGA (USA), Euler Hermes, KfW IpeX and Hannover Re (Germany) and Turkexim Bank (Turkey) to discuss topics of common interest including the role of Insolvency and Bankruptcy Code in strengthening the Indian financial system, scope for re-insurance, joint support for MLT projects.

With a view to fostering trade and supporting the overall business environment, ECGC participated in Specialist meetings and workshop organised by the BU on Claims and Recoveries, Reinsurance, Country Risk, SME Specialist Marketing. SCOR Credit & Surety Campus Seminar 2019 and ICISA Asia Committee meeting were also attended by the delegates from ECGC. The technical discussions on underwriting, claims and recoveries in the above meetings and workshops have enabled the participants to share and take back home the best global practices.

Mr. M Senthilnathan was invited by TXF at its global conference held in Berlin, Germany during 12-14 June 2019 where he spoke on the most

topical issues facing agency finance during the session 'ECA CEO forum'. ECGC officials were also invited as panel speakers by TXF in its Africa and Asia Conferences, and by GTR in its West Africa Conference.

## **HUMAN RESOURCES & INDUSTRIAL RELATIONS**

The employee strength of the Company as of March 31, 2020 was 571 which consisted of 549 executive and 22 non-executive employees. This includes 163 women employees who constitute almost twenty nine per cent of the total work force.

A total number of 77 employees were promoted during the financial year in the various ranks based on the vacancies available. As per the requirement of the Company and in compliance with the vigilance guidelines, 145 officers were rotated among Branch Offices/Departments. All statutory provisions pertaining to industrial relations and labour laws were complied with in the FY 2019-20. Harmonious and cordial industrial relations were maintained throughout the year in the Company. Quarterly meetings were conducted with the employees' representatives.

During the year, the Company introduced new comprehensive welfare facilities and also continued the existing facilities for its employees to take care of their health, economic wellbeing, etc.

In FY 2019-20, various welfare schemes were introduced including a scheme for extending legal and financial support to the Company's serving/retired employees, against cases arising out of bona fide execution of the Company's work, cadre-wise reimbursement of electricity expenses of senior officers, reimbursement of furnishing expenses of Group A and Group B officers, cadre-wise reimbursement of household help and

cleaning expenses, and initiatives for women employees to achieve work life balance and leadership development.

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and ECGC's Policy on prevention of sexual harassment of women at the workplace, Internal Complaints Committees (ICC) have been functioning in all the branches/offices, employing at least 10 employees. One ICC is functioning at HO which includes all the departments at the Head Office and Mumbai-based branches wherever employee strength is fewer than 10. During the FY 2019-20, 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 FY 2019-20, employees at all levels were nominated to various in-house and sponsored training programs. During the financial year, Claims and Underwriting workshops were separately organised for both Policy and ECIB sectors at all-India level in Mumbai. Further, training programmes were conducted for the benefit of field officers of the Company at Pondicherry and Bhubaneswar. Training was also given to group C and D employees at Visakhapatnam.

Also, in FY 2019-20, 17 summer trainees were given an opportunity to intern with the Company. Apart from this, employees were sponsored for training as per their functional areas. During the year, a total of 396 officers were nominated to various in-house and sponsored training programs.

### **REPRESENTATION OF PERSONS WITH DISABILITY:**

The Company endeavours to provide employment to Persons with Disabilities. As of March 31, 2020, the Company had 15 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 VII**.

### **REPRESENTATION OF SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER BACKWARD CLASSES:**

The Company strictly adheres to relevant rules relating to Reservation of SCs/STs in recruitment and in internal promotions. In adherence to the relevant instructions from the Government of India, the Company adopted a 'Post-based Roster system'. Details of 'Reserved vacancies filled in by direct recruitment at different level under reservation for SC, ST and OBC are furnished in **Annexure VIII**. Representation of SCs, STs, and OBCs in the total manpower in various cadres as of March 31, 2020 is furnished in **Annexure IX**.

### **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 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 MSME's mandates that 25% of procurement of annual

requirement of goods and services by Public Sector Undertaking will be from Micro and Small Enterprise (MSEs). The Government of India has also prescribed a sub-target of 3% procurement of goods and services from women enterprises and 5% from SC/ST 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 part of e-procurement policy of 2012 of the Government of India.
5. As per the directions received from the Ministry of Commerce & Industry regarding procurement through the Government e-Marketplace (GeM), the Company has registered with the GeM portal for on-line procurement of commodities and services.

### **IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS**

The IRDAI has vide its circular reference No. IRDAI/F&A/CIR/ACTS/023/01/2020 dated 21<sup>st</sup> 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) and that the circular dated 28<sup>th</sup> June 2017 deferring effective date of implementation to FY 2020-21 hereby stands withdrawn, additionally the requirement of Proforma Ind AS financial statements being submitted on a quarterly basis as directed in the circular under reference stands dispensed with.

In accordance with the directions from the IRDAI, preparation and submission of Proforma Ind AS to the Board on quarterly basis has been discontinued from the third quarter of the FY 2019-2020

For and on behalf of the Board of Directors

**Sd/-**

**M. Senthilnathan**

**Chairman-cum-Managing Director**

**DIN 07376766**

Place: Mumbai

Date: August 21, 2020

## Annexure - VII

### Representation of Persons with Disabilities in the Services of the Company as on 31.03.2020

Group	No. of Disabled Persons			Total
	VI	HI	OC	VI+ HI+OC
A	3	1	5	9
B	2	1	2	5
C	0	0	0	0
D	1	0	0	1
<b>Total</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>15</b>

VI      Visually Impaired  
 HI      Hearing Impaired  
 OC      Orthopedically Challenged

## Annexure VIII

### Representation of Scheduled Castes, Scheduled Tribes and Other Backward Classes pertaining to recruitment in the Company 2019-20

ECGC Ltd	Group	Total Number of Employees	No. of SC Employees recruited	No. of ST Employees recruited	No. of OBC Employees recruited
	<b>Group A</b>	254	NIL	NIL	NIL
	<b>Group B</b>	295	NIL	NIL	NIL
	<b>Group C</b>	16	NIL	NIL	NIL
	<b>Group D</b>	6	NIL	NIL	NIL
	<b>TOTAL</b>	571	NIL	NIL	NIL

Note – No recruitment was conducted in 2019-20

**Annexure IX**

**Representation of Scheduled Castes/ Scheduled Tribes/ Other Backward Castes in the services of the Company's workforce as on 31.03.2020**

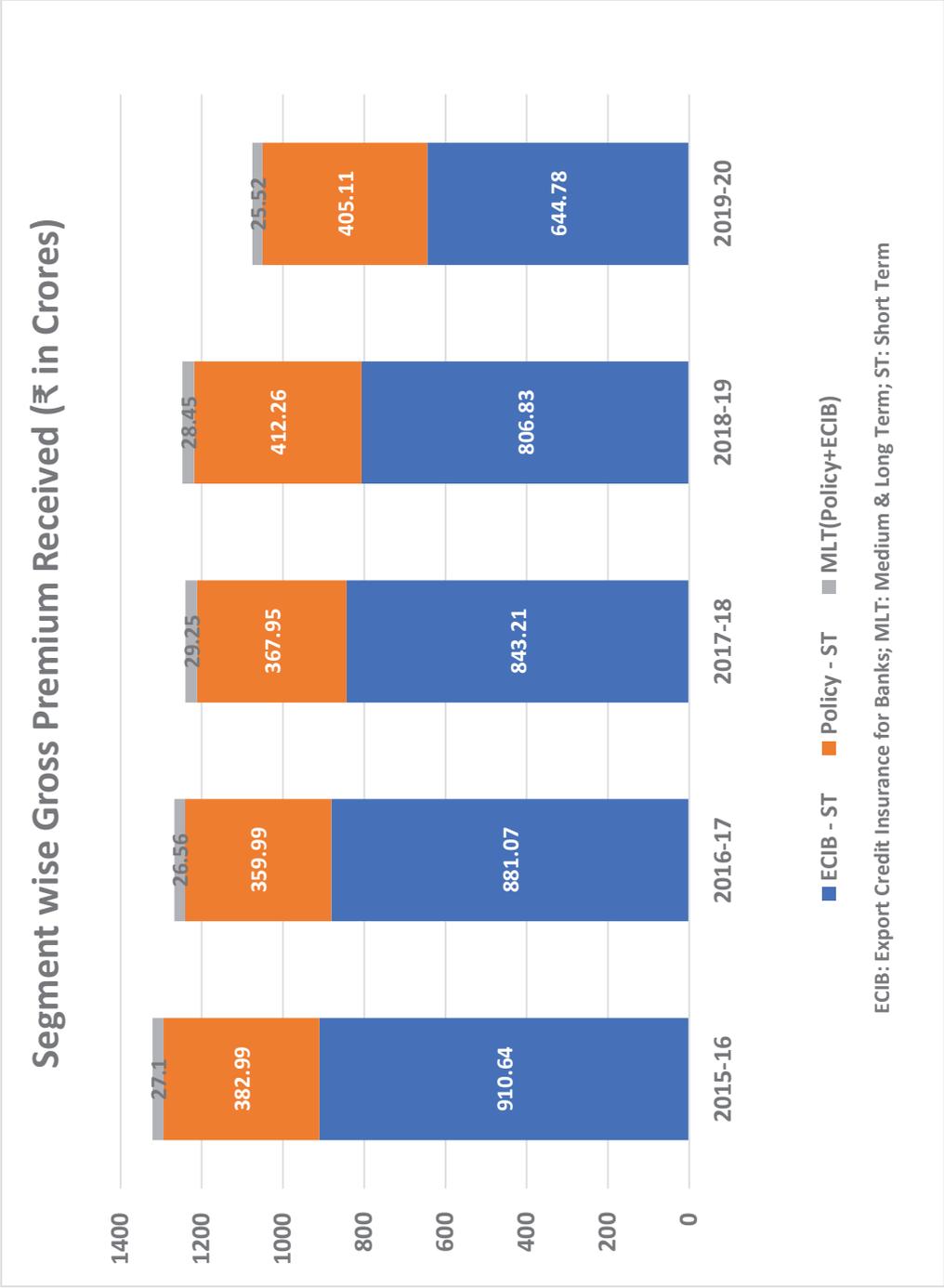
<b>ECGC Ltd Group</b>	<b>Total No. of Employees</b>	<b>No. of SC Employees</b>	<b>% of SC employees</b>	<b>No. of ST Employees</b>	<b>% of ST employees</b>	<b>No. of OBC Employees</b>	<b>% of OBC employees</b>
<b>Group A</b>	254	46	18.11%	17	6.69%	49	19.29%
<b>Group B</b>	295	54	18.31%	24	8.14%	73	24.75%
<b>Group C</b>	16	4	25.00%	3	18.75%	1	6.25%
<b>Group D</b>	6	1	16.67%	0	0.00%	1	16.67%
<b>TOTAL</b>	571	105	18.39%	44	7.71%	124	21.72%

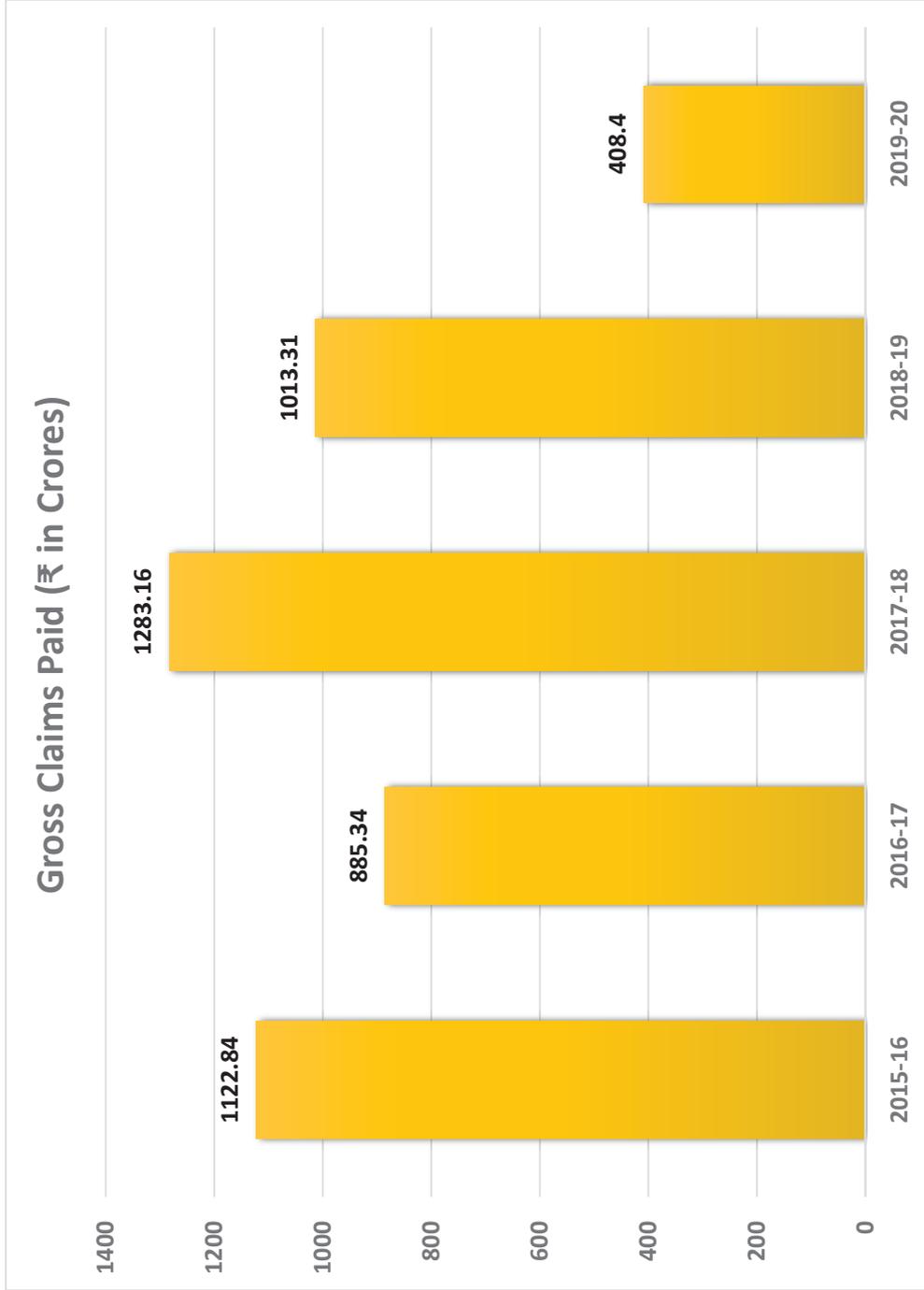




**कारोबार निष्पादन रेखाचित्र**  
**Business Performance**  
**Graphs**



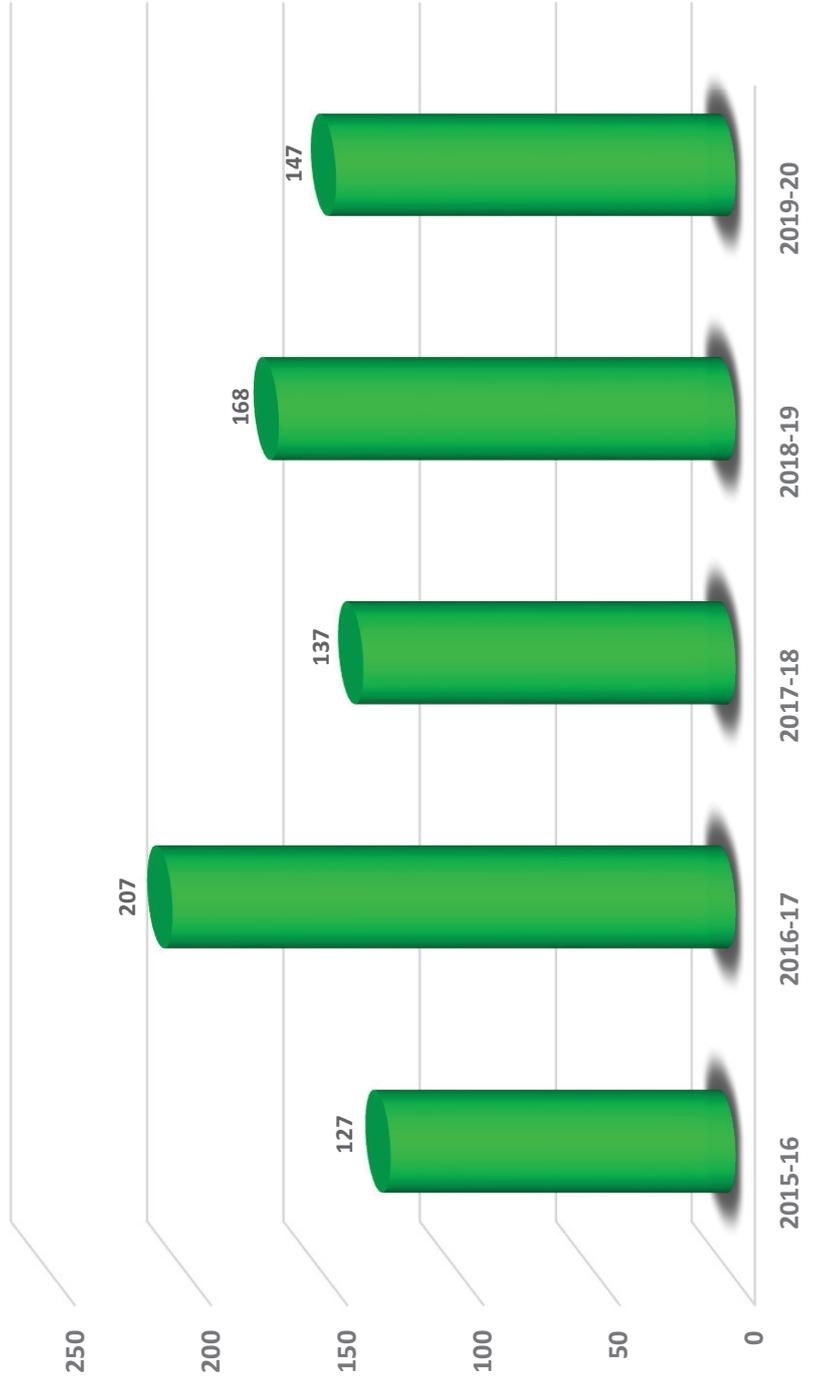


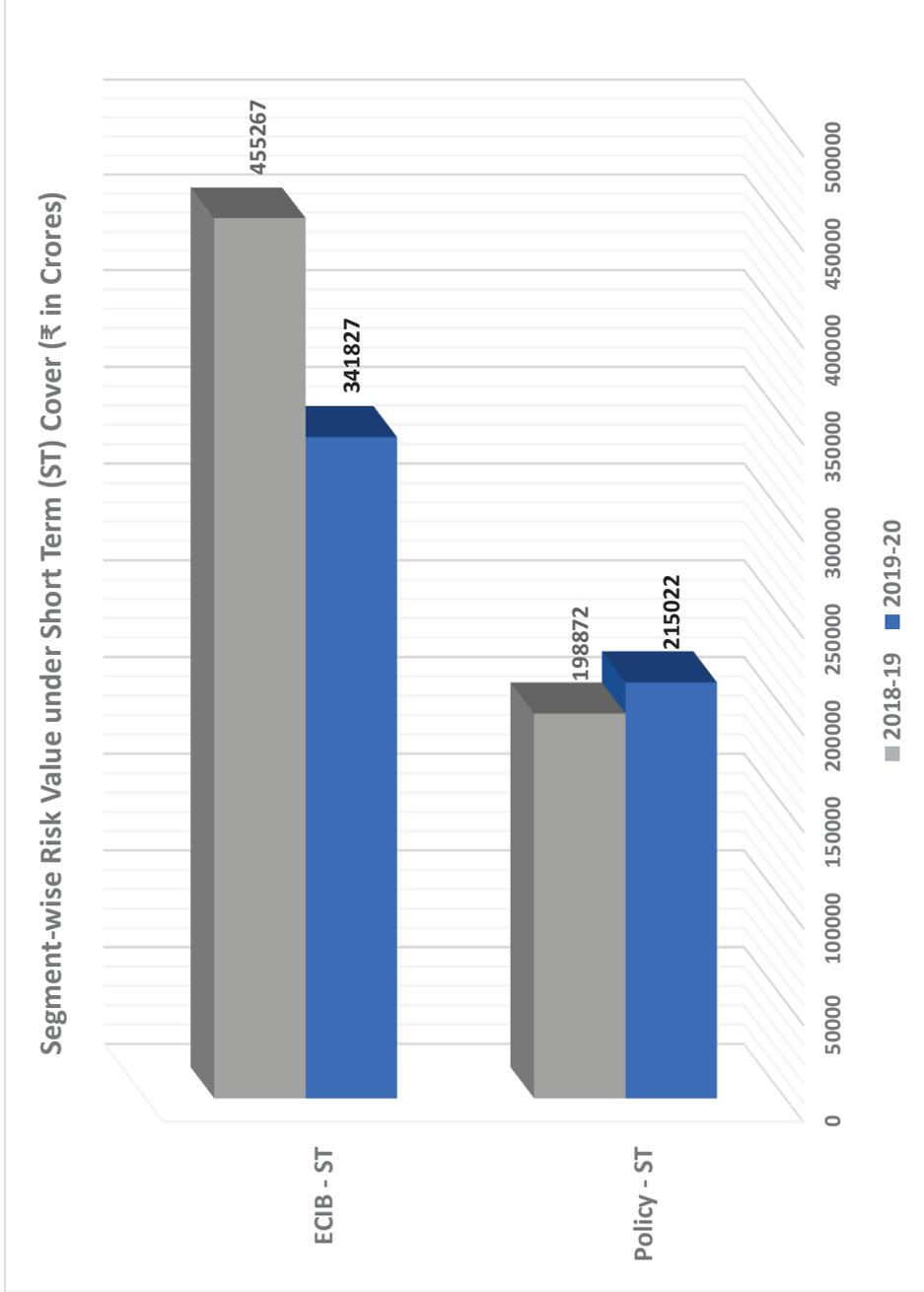


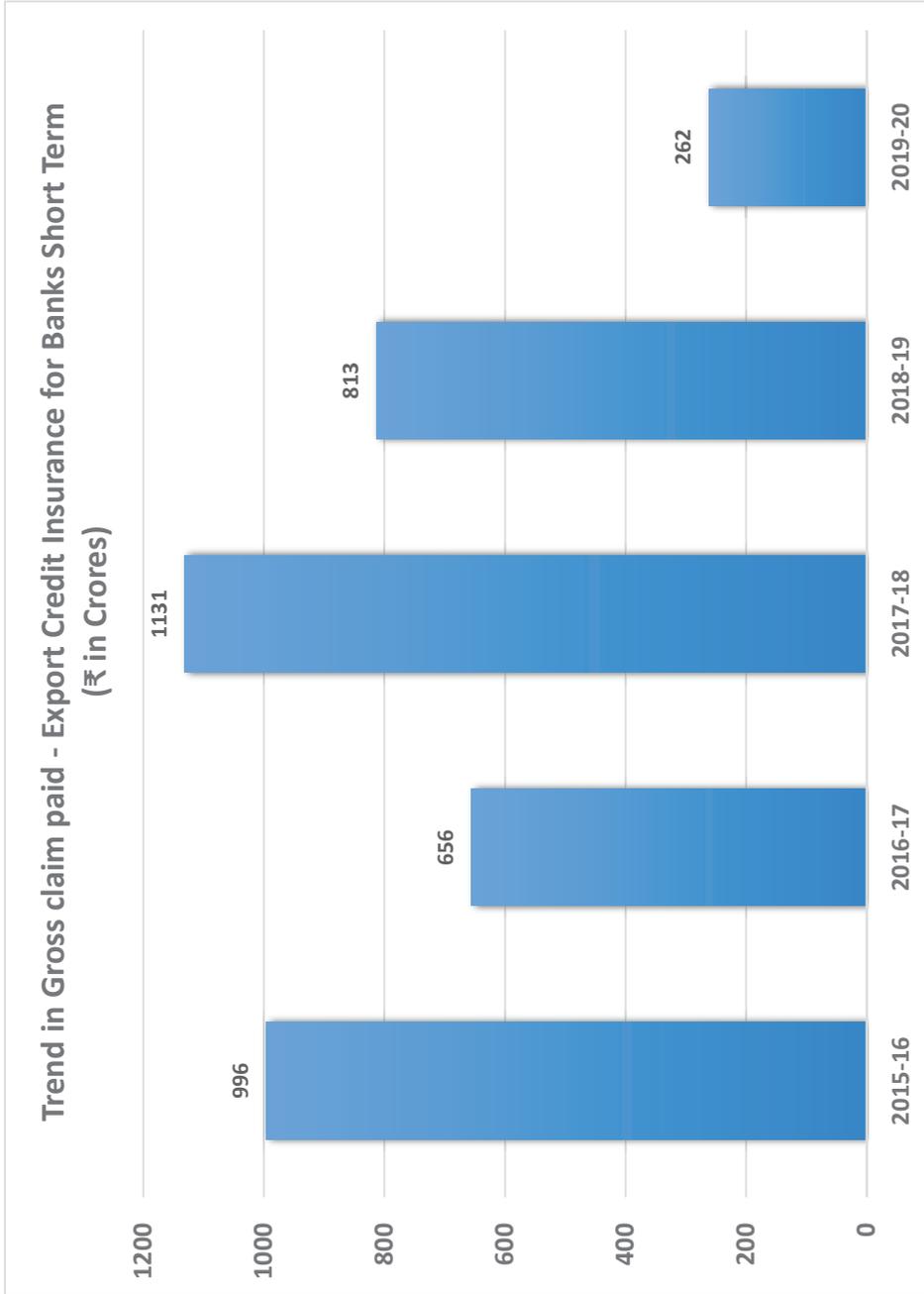
**Paid-up Capital & Reserves (Net Worth) (₹ in Crores)**



Trends in Gross Claims Paid - Policy Short Term (₹ in Crores)



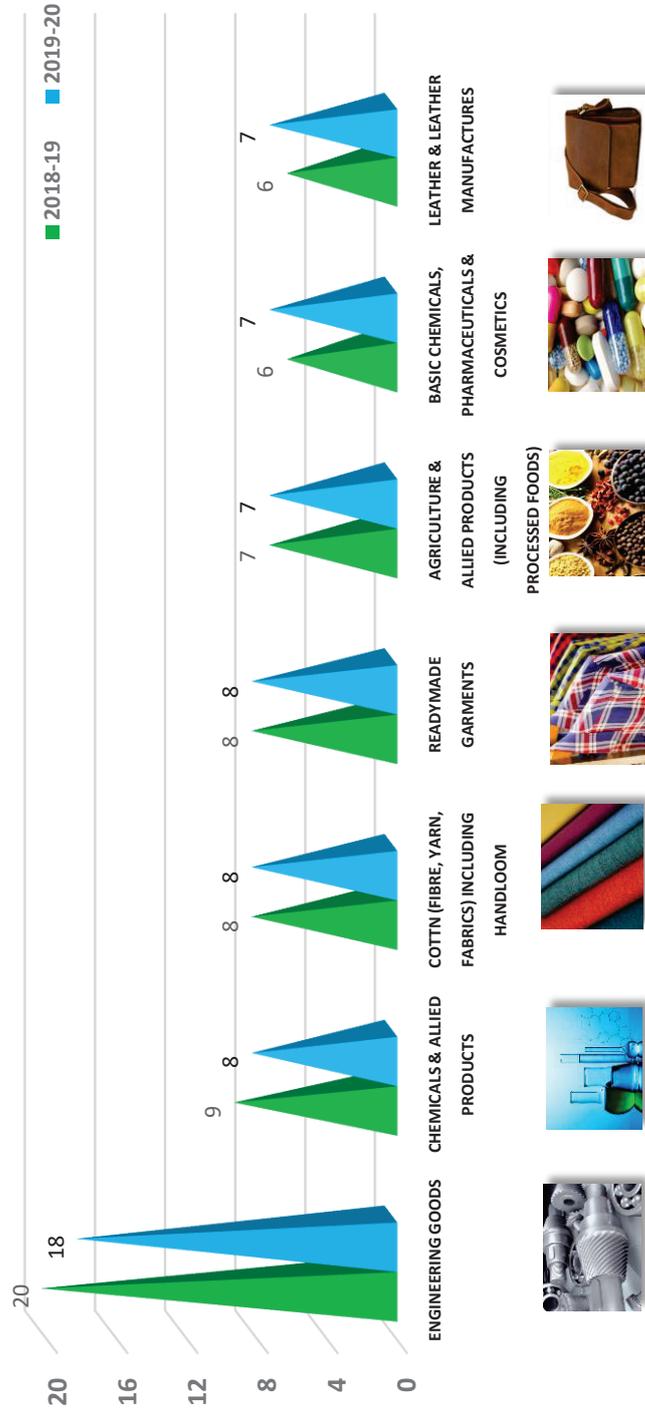




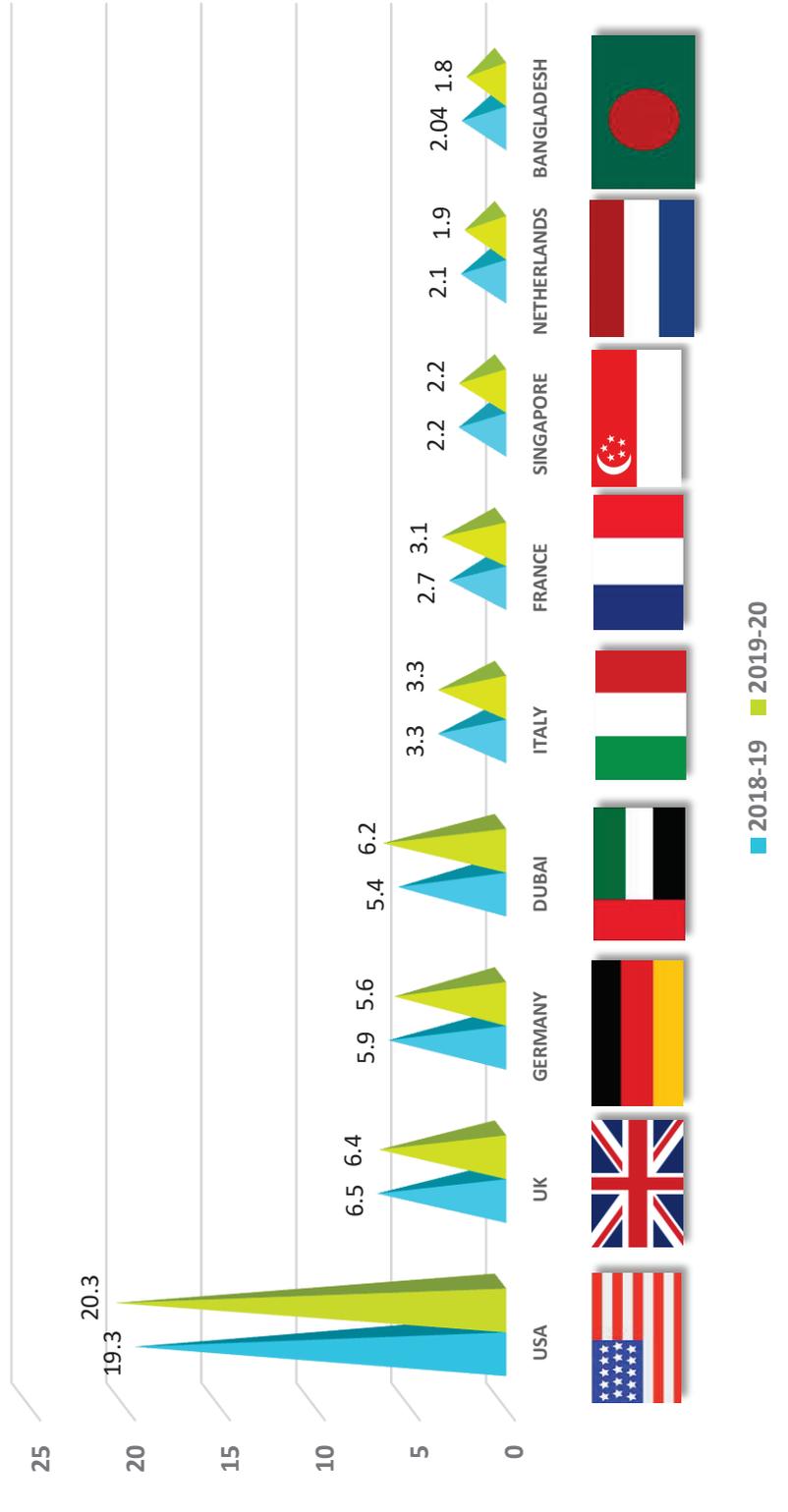
## Value of Risk Covered during 2019-20



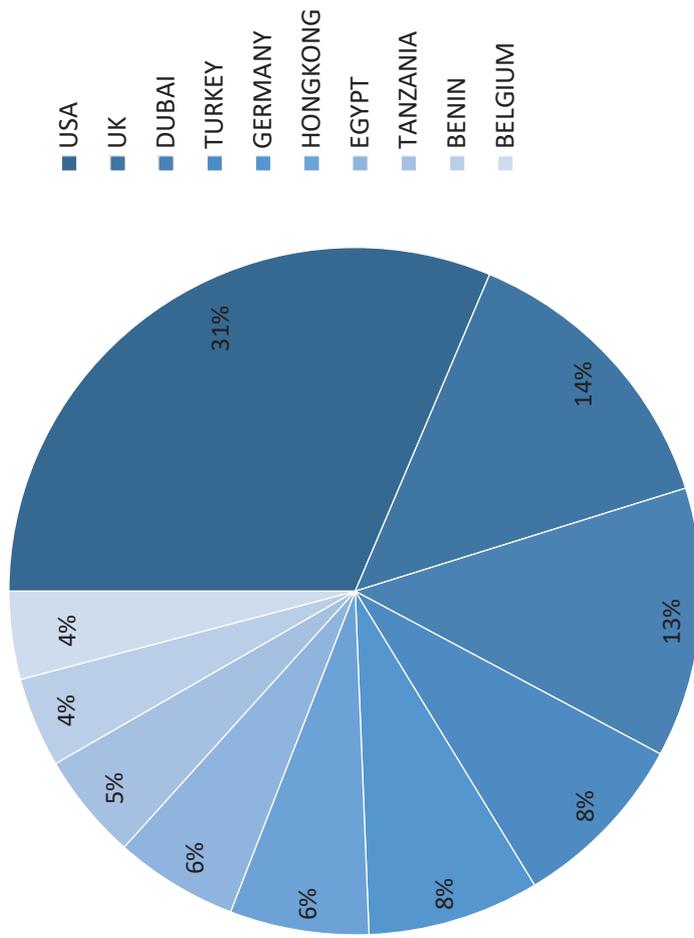
## Major Commodity wise risk value (% share)

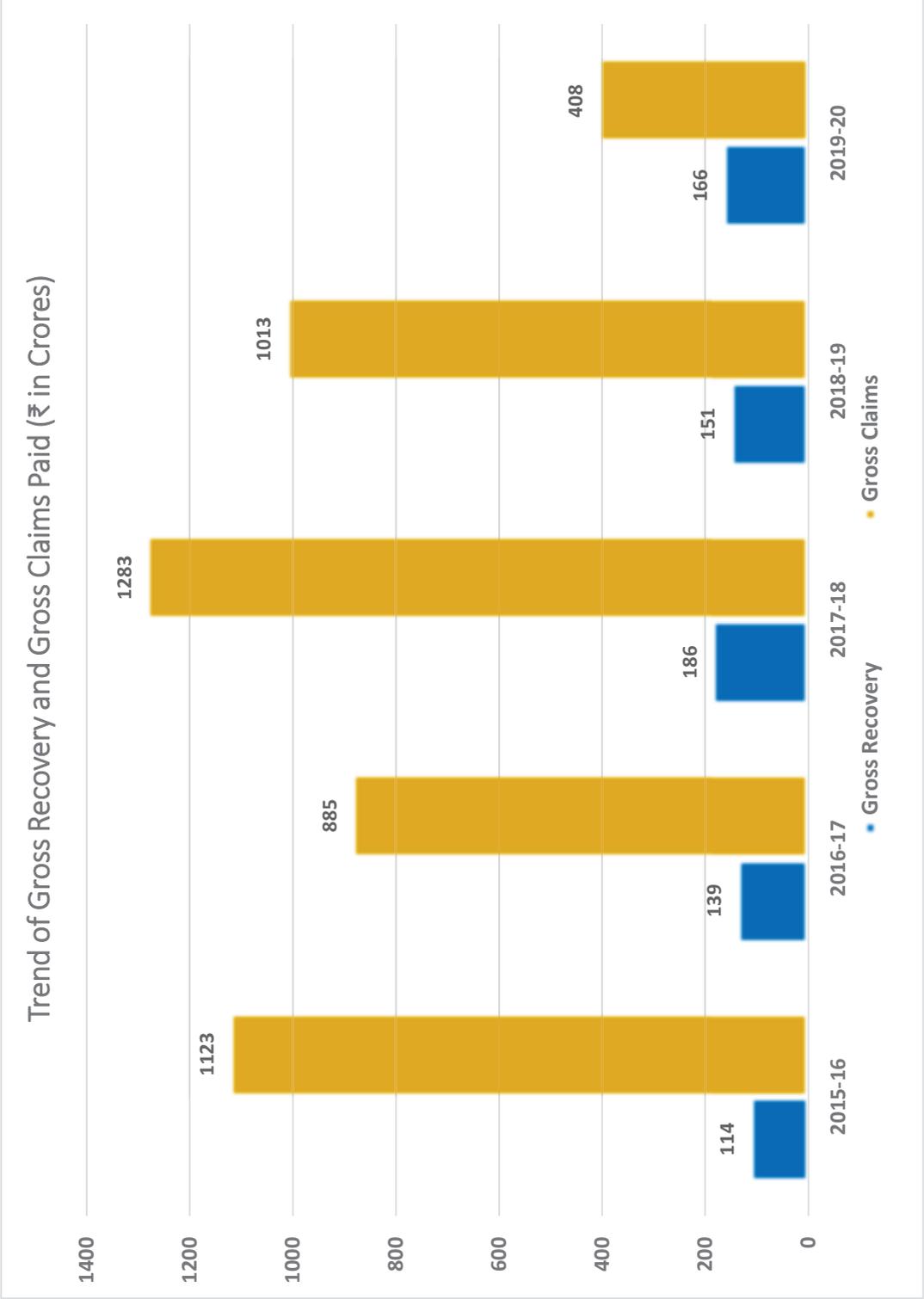


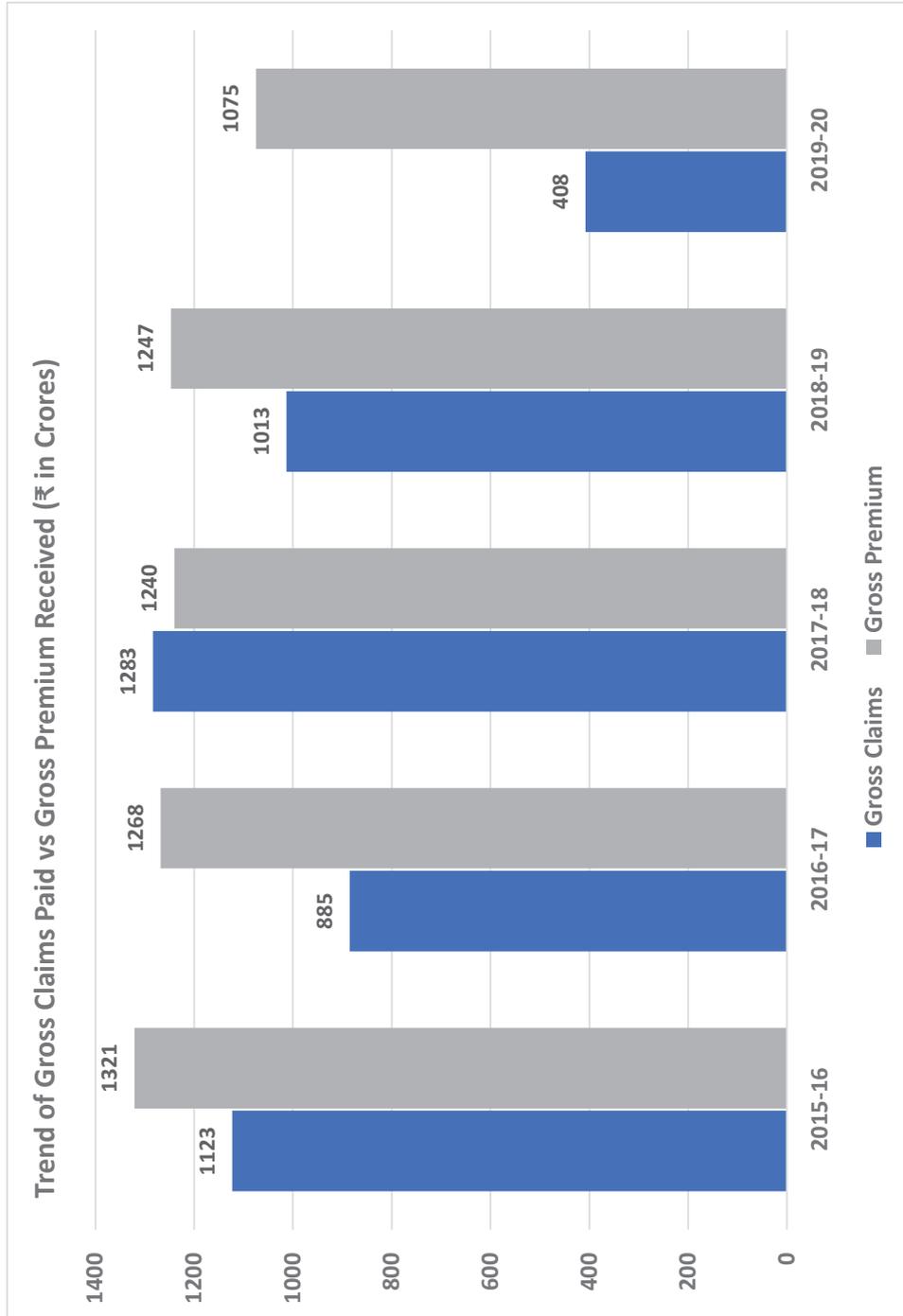
### Major Country Wise Risk Value (% share)



Major Country Wise Gross Claims Paid for FY 2019-20 (% share)







# Part B



**वित्तीय विवरण**

**Financial  
Statements**



**FORM B - BS**  
**ECGC Limited**

CIN: U74999MH1957GOI010918

Registration No. 124

Date of Registration : 27th September, 2002

**BALANCE SHEET AS AT 31ST MARCH 2020**

Particulars	Schedule	Current Year Audited ('000)	Previous Year Audited ('000)
<b>I. SOURCES OF FUNDS</b>			
Share Capital	5	2500,00,00.00	2000,00,00.00
Reserves and Surplus	6	2714,91,80.31	2463,41,14.66
Advance Against Share Capital		300,00,00.00	-
Fair Value Change Account		-	333,71,71.35
Borrowings	7	-	-
Deferred Tax Liability		-	-
<b>Total</b>		<b>5514,91,80.31</b>	<b>4797,12,86.01</b>
<b>II. APPLICATION OF FUNDS</b>			
Investments	8 & 8A	11044,63,36.65	10033,05,42.14
Loans	9	-	-
Fixed Assets	10	293,49,15.15	243,32,93.23
Deferred Tax Assets		41,28,81.21	30,69,52.63
Current Assets			
Cash and Bank Balances	11	1100,83,30.75	651,99,97.87
Advances and Other Assets	12	942,73,27.81	881,41,45.66
Sub Total (A)		<b>2043,56,58.56</b>	<b>1533,41,43.53</b>
Current Liabilities	13	7187,18,57.81	6296,49,35.90
Provisions	14	818,92,89.57	746,87,09.62
Sub Total (B)		<b>8006,11,47.38</b>	<b>7043,36,45.52</b>
Net Current Assets ( C )= (A-B)		(5962,54,88.82)	(5509,95,01.99)
Fair Value Change Account		98,05,36.12	-
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		-	-
<b>TOTAL</b>		<b>5514,91,80.31</b>	<b>4797,12,86.01</b>
SIGNIFICANT ACCOUNTING POLICIES	16		
NOTES FORMING PART OF ACCOUNTS	17		

**(M SENTHILNATHAN)**  
Chairman cum Managing Director  
DIN - 07376766

**(DAVID RASQUINHA)**  
Director  
DIN - 01172654

**(SUNIL JOSHI)**  
Executive Director  
DIN - 08778530

**(NIRDOSH CHOPRA)**  
Chief Financial Officer

**(SMITA PANDIT)**  
Company Secretary

As per our report of even date

**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  
Kolhapur

**(SANJAY KAPADIA)**  
Partner - M.No. 38292

Place : Mumbai  
Dated : 21st August, 2020

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

CIN: U74999MH1957GOI010918

Registration No. 124

Date of Registration : 27th September,2002

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2020**

	Particulars	Schedule	Current Period Audited ('000)	Previous Period Audited ('000)
1	Premiums earned (Net)	1	831,15,51.19	854,42,28.04
2	Profit on Sale/Redemption of Investment		40,53,64.86	38,42,17.56
3	Loss on Sale/Redemption of Investment		(14,63,54.48)	(11,99,71.39)
4	Others			
	- Fee		1,41,58.78	1,50,32.06
	- Interest on Claims & Premium		20,51.21	59,93.74
	- Miscellaneous Income		61,72.30	15,93.45
	- Profit on Sale of Asset		76.10	8,19.65
5	Interest & Dividend - Gross		491,35,19.69	466,64,80.95
	<b>TOTAL (A)</b>		<b>1350,65,39.65</b>	<b>1349,83,94.06</b>
1	Claims Incurred (Net)	2	958,62,03.99	1141,16,19.58
2	Commission	3	(37,15,68.81)	(51,56,04.98)
3	Operating Expenses related to Insurance Business	4	267,63,23.61	243,04,84.57
4	Others			
	- Premium Deficiency		18,92,00.00	28,33,00.00
	- Expenses towards Investments		9,27,83.51	8,73,36.16
	- Provision, Write Off towards Investments		46,44,89.65	22,89,22.03
	<b>TOTAL (B)</b>		<b>1263,74,31.95</b>	<b>1392,60,57.36</b>
	Operating Profit/(Loss) from Miscellaneous C=(A-B)		<b>86,91,07.70</b>	<b>(42,76,63.30)</b>
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholder's Account		86,91,07.70	(42,76,63.30)
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves		-	-
	<b>TOTAL (C)</b>		<b>86,91,07.70</b>	<b>(42,76,63.30)</b>

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

**(DAVID RASQUINHA)**  
Director  
DIN - 01172654

**(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  
Kolhapur

**(SANJAY KAPADIA)**  
Partner - M.No. 38292

Place : Mumbai  
Dated : 21st August, 2020

**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 2020**

	Particulars	Schedule	Current Period Audited ('000)	Previous Period Audited ('000)
1	OPERATING PROFIT/(LOSS) (a) Fire Insurance (b) Marine Insurance (c) Miscellaneous Insurance		- - 86,91,07.70	- - (42,76,63.30)
2	INCOME FROM INVESTMENTS (a) Interest & Dividends-Gross (b) Profit on Sale of Investments Less: Loss on Sale of Investments		341,44,79.79 28,16,94.23 (10,17,03.96)	274,06,31.67 22,56,51.58 (7,04,59.39)
3	OTHER INCOME (a) NEIA Income (b) Rent & Other receipts (c) Other Interest Income (d) Other Miscellaneous Income and Factoring Income		2,48,68.09 11,55.33 1,57,15.99 3,78.82	2,95,01.51 5,67.92 88,46,29.94 5.34
	<b>TOTAL (A)</b>		<b>450,56,95.99</b>	<b>338,28,65.27</b>
4	PROVISIONS (Other than Taxation) (a) For diminution in the value of investments (b) Provision, Write Off - Investments - Standard Asset - Sub Standard Asset - Doubtful Asset - Loss Assets (c) Provision for Doubtful Debts		- - - 32,27,80.95 - 50.37	- - 13,44,46.27 - - -
5	OTHER EXPENSES (a) Expenses other than those related to Insurance Business - Expenses towards Investments - Expenses towards Corporate Social Responsibility - Miscellaneous Expense		6,44,76.68 11,82,01.07 (2.29)	5,12,92.67 5,32,36.89 9.54
	<b>TOTAL (B)</b>		<b>50,55,06.78</b>	<b>23,89,85.37</b>
	<b>Profit Before Tax (A - B)</b>		<b>400,01,89.21</b>	<b>314,38,79.90</b>
	Less: (a) Provision for Taxation - Deferred Tax - Current Tax  (b) Prior Period Adjustments (c) Tax Adjustments - Earlier years		(10,59,28.58) 87,00,00.00  4,72.34 (27,51.96)	(8,76,70.87) 84,00,00.00  1,19,29.30 (6,42,05.66)
	Profit available for appropriation		<b>323,83,97.41</b>	<b>244,38,27.13</b>

**FORM B-PL**  
**ECCG Limited**

CIN: U74999MH1957GOI010918

Registration No. 124

Date of Registration : 27th September, 2002

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2020**

Particulars	Schedule	Current Period Audited (` '000)	Previous Period Audited (` '000)
<b>APPROPRIATIONS</b>			
(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		323,83,97.41	172,04,95.37
Balance of profit/loss brought forward from last year		-	-
Balance carried forward to Balance Sheet		-	72,33,31.76

**(M SENTHILNATHAN)**  
Chairman cum Managing Director  
DIN - 07376766

**(DAVID RASQUINHA)**  
Director  
DIN - 01172654

**(SUNIL JOSHI)**  
Executive Director  
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As per our report of even date attached

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**For SNK & Co.**  
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**(ANIL CHIKODI)**  
Partner - M.No. 107659  
Kolhapur

**(SANJAY KAPADIA)**  
Partner - M.No. 38292

Place : Mumbai  
Dated : 21st August, 2020

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	1075,47,39.68	1247,54,25.98
Add : Premium on Reinsurance Accepted	-	-
Less: Premium on Reinsurance Ceded	283,18,44.44	377,52,18.84
<b>Net Premium</b>	<b>792,28,95.24</b>	<b>870,02,07.14</b>
Adjustment for change in Reserve for Unexpired Risks	38,86,55.95	(15,59,79.10)
<b>Total Premium Earned (Net)</b>	<b>831,15,51.19</b>	<b>854,42,28.04</b>

SCHEDULE -2  
CLAIMS INCURRED (NET)

Particulars	Current Period Audited (₹'000)	Previous Period Audited (₹'000)
Claims Paid		
Direct	408,41,21.62	1013,30,71.71
Add : Reinsurance accepted	-	-
Less : Reinsurance ceded	118,09,13.69	292,70,68.13
Less :		
Recovered during the year	166,43,65.31	150,82,70.98
Less : Share of reinsurer	38,29,53.70	39,55,68.37
	128,14,11.61	111,27,02.61
<b>Net Claims paid ( A )</b>	<b>162,17,96.32</b>	<b>609,33,00.97</b>
Add : Claims Outstanding at the end of the year (net of reinsurance)	6674,15,73.27	5877,71,65.60
Minus provision for recovery (net of reinsurance)	-	-
<b>( B )</b>	<b>6674,15,73.27</b>	<b>5877,71,65.60</b>
Less : Claims Outstanding at the beginning (net of reinsurance)	5877,71,65.60	5345,88,46.99
Minus Provision for recovery (net of reinsurance)	-	-
<b>( C )</b>	<b>5877,71,65.60</b>	<b>5345,88,46.99</b>
<b>Total Claims Incurred ( A + B - C )</b>	<b>958,62,03.99</b>	<b>1141,16,19.58</b>

**SCHEDULE -3  
COMMISSION**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
	Commission Paid		
	Direct	9,39,09.98	7,08,15.74
	<b>TOTAL (A)</b>	<b>9,39,09.98</b>	<b>7,08,15.74</b>
	Add : Reinsurance Accepted	-	-
	Less: Commission on Re-insurance Ceded	46,54,78.79	58,64,20.72
	<b>Net Commission</b>	<b>(37,15,68.81)</b>	<b>(51,56,04.98)</b>
<b>Note: The profit/commission, if any are to be combined with the Re-insurance accepted or Re-insurance ceded figures.</b>			
<b>Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:</b>			
	Agents	-	-
	Brokers	9,24,44.28	7,07,74.43
	Corporate Agency	14,65.70	41.31
	Others (pl. specify)	-	-
	<b>TOTAL (B)</b>	<b>9,39,09.98</b>	<b>7,08,15.74</b>
Note: Total (A) and (B) above should tally.			

**SCHEDULE -4  
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Employees' Remuneration and Welfare benefits	164,25,23.35	143,82,29.34
2	Travel, Conveyance and Vehicle running expenses	11,55,45.02	11,31,20.38
3	Training expenses	88,28.23	1,83,96.43
4	Rent, Rates & Taxes	26,56,86.07	25,31,88.55
5	Repairs	22,26,70.57	18,97,21.20
6	Printing & Stationery	1,71,67.52	1,59,04.48
7	Communication expenses	1,30,89.75	2,28,10.55
8	Legal & Professional charges	5,15,38.64	4,08,21.45
9	Auditors' fees, expenses etc.		
	(a) As auditor	67,47.18	67,80.53
	(b) As adviser or in any other capacity, in respect of		
	(i) Taxation matters	14,42.08	18,27.44
	(ii) Insurance matters	-	-
	(iii) Management services	-	-
	(c) In any other capacity	75,89.95	66,48.20
10	Advertisement and Publicity	6,54,85.78	6,52,89.84
11	Interest and Bank Charges	6,22.36	6,45.13
12	Others - Miscellaneous Expenses and Other Expenses	21,21,52.44	21,34,21.26
13	Depreciation	4,52,34.67	4,36,79.79
	<b>TOTAL</b>	<b>267,63,23.61</b>	<b>243,04,84.57</b>

**SCHEDULE -5  
SHARE CAPITAL**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Authorised Capital 50,00,00,000 Equity Shares of Rs. 100 each (Previous Period 50,00,00,000 Equity Shares of Rs. 100 each)	5000,00,00.00	5000,00,00.00
2	Issued Capital 25,00,00,000 Equity Shares of Rs. 100 each (Previous Period 20,00,00,000 Equity Shares of Rs 100 each)	2500,00,00.00	2000,00,00.00
3	Subscribed Capital 25,00,00,000 Equity Shares of Rs. 100 each (Previous Period 20,00,00,000 Equity Shares of Rs 100 each)	2500,00,00.00	2000,00,00.00
4	Called up & Paid up Capital 25,00,00,000 Equity Shares of Rs. 100 each (Previous Period 20,00,00,000 Equity Shares of Rs 100 each)	2500,00,00.00	2000,00,00.00
	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	-	-
	<b>TOTAL</b>	<b>2500,00,00.00</b>	<b>2000,00,00.00</b>

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

<b>Shareholder</b>	<b>Current Period</b>		<b>Previous Period</b>	
	<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>	<b>% of holding</b>
Promoters				
Indian				
President of India & His Nominees	250,000,000.00	100.00	200,000,000.00	100.00
Foreign	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>250,000,000.00</b>	<b>100.00</b>	<b>200,000,000.00</b>	<b>100.00</b>

**SCHEDULE -6  
RESERVES AND SURPLUS**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	-	-
4	General Reserve - Opening Balance	2331,07,82.90	2177,11,20.47
	Additions during year	323,83,97.41	172,04,95.37
	Deduction during year	-	18,08,32.94
		2654,91,80.31	2331,07,82.90
5	Catastrophe Reserve	-	-
6	Factoring Scheme Reserve	60,00,00.00	60,00,00.00
7	Other Reserves (to be specified)	-	-
8	Balance in Profit & Loss Account	-	72,33,31.76
	<b>TOTAL</b>	<b>2714,91,80.31</b>	<b>2463,41,14.66</b>

**SCHEDULE -7  
BORROWINGS**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Debentures/Bonds	-	-
2	Banks (unsecured - repayable in less than 12 months)	-	-
3	Financial Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>

**SCHEDULE -8**  
**INVESTMENTS (SHAREHOLDER)**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills		
	Central Government Securities	950,27,98.64	752,45,79.37
	State Government Securities	457,01,20.44	459,05,25.73
2	Other approved Securities	100,42,88.02	35,16,96.36
3	Approved Investments		
	a. Shares		
	aa. Equity	475,55,00.59	527,89,02.82
	bb. Preference Shares	-	-
	b. Mutual Funds	-	-
	c. Derivative Instruments	-	-
	d. Debentures/Bonds	-	-
	I . Investment in housing sector Bonds	346,96,60.50	364,91,79.31
	II . Market sector Bonds	277,97,03.87	126,11,00.77
	e. Other Securities (to be specified)	-	-
	f. Subsidiaries	-	-
	g. Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	1137,57,42.39	954,88,65.19
5	Other Investments	61,57,08.07	103,51,22.60
	<b>Total (A)</b>	<b>3807,35,22.52</b>	<b>3323,99,72.15</b>
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills		
	Central Government Securities	68,13,12.57	52,29,44.65
	State Government Securities	51,54,65.35	126,53,43.21
2	Other Approved Securities	-	-
3	Approved Investments		
	a. Shares		
	aa. Equity	-	-
	bb. Preference	-	-
	b. Mutual Funds	328,53,21.66	29,26,96.58
	c. Derivative Instruments	-	-
	d. Debentures/Bonds	-	-
	I . Investment in housing sector Bonds	169,86,33.80	81,36,42.49
	II . Market sector Bonds	34,85,34.12	19,62,55.34
	e. Other Securities	-	-
	f. Subsidiaries	-	-
	g. Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	37,32,54.14	56,96,31.12
5	Other Investments	30,69,53.87	22,18,15.05
	<b>Total (B)</b>	<b>720,94,75.51</b>	<b>388,23,28.44</b>
	<b>TOTAL (A + B)</b>	<b>4528,29,98.03</b>	<b>3712,23,00.59</b>

Note:

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

109,97,70.60

31,25,00.00

**SCHEDULE -8A  
INVESTMENTS (POLICYHOLDER)**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills Central Government Securities State Government Securities	1367,47,59.03 657,65,14.78	1281,21,21.63 781,63,00.57
2	Other approved Securities	144,51,94.96	59,88,34.35
3	Approved Investments		
a.	Shares		
aa.	Equity	684,32,81.33	898,84,02.11
bb.	Preference Shares	-	-
b.	Mutual Funds	-	-
c.	Derivative Instruments	-	-
d.	Debentures/Bonds	-	-
I.	Investment in housing sector Bonds	499,29,26.09	621,34,67.47
II.	Market sector Bonds	400,00,61.66	214,72,79.70
e.	Other Securities (to be specified)	-	-
f.	Subsidiaries	-	-
g.	Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	1636,99,70.76	1625,88,78.58
5	Other Investments	88,60,18.93	176,25,06.05
	<b>Total (A)</b>	<b>5478,87,27.54</b>	<b>5659,77,90.46</b>
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills Central Government Securities State Government Securities	98,04,25.40 74,17,67.21	89,04,19.26 215,45,03.29
2	Other Approved Securities	-	-
3	Approved Investments		
a.	Shares		
aa.	Equity	-	-
bb.	Preference	-	-
b.	Mutual Funds	472,76,57.99	49,83,75.25
c.	Derivative Instruments	-	-
d.	Debentures/Bonds	-	-
I.	Investment in housing sector Bonds	244,43,75.46	138,53,91.26
II.	Market sector Bonds	50,15,49.10	33,41,64.51
e.	Other Securities	-	-
f.	Subsidiaries	-	-
g.	Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	53,71,21.82	96,99,12.44
5	Other Investments	44,17,14.10	37,76,85.08
	<b>Total (B)</b>	<b>1037,46,11.08</b>	<b>661,04,51.09</b>
	<b>TOTAL (A + B)</b>	<b>6516,33,38.62</b>	<b>6320,82,41.55</b>

**SCHEDULE -9**  
**LOANS**

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

SCHEDULE 10  
FIXED ASSETS

Figures in ₹ '000

Sl. No.	Particulars	Gross Block					Depreciation					Impairment of Assets			Net Block		
		Opening	Adjustment	Additions	Deductions	Closing	Opening	Adjustment	For the Year	On Sale / Adjustments	To date	Opening	Additional Impairment	Reversal	To date	As at 31.03.2020	As at 31.03.2019
1	Good Will	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Intangibles	6,36,16.64	-	5,72.88	-	6,41,89.22	-	-	-	5,15,83.31	-	-	-	-	1,26,05.91	1,70,66.52	
3	Land - Free Hold	74,81,52.33	-	-	-	74,81,52.33	-	-	-	-	-	-	-	-	74,81,52.33	74,81,52.33	
4	Leasehold Property	6,89,31.54	-	-	-	6,89,31.54	-	-	8,16.82	1,52,72.31	-	-	-	-	5,36,59.23	5,44,76.05	
5	Building	43,61,13.69	-	-	-	43,61,13.69	-	-	72,80.16	15,18,23.10	-	-	-	-	28,42,90.59	29,15,70.75	
6	Furniture and Fittings	18,06,80.19	-	31,59.77	24,65.18	18,13,74.78	14,49,53.90	59,42.25	19,43.48	14,89,52.67	-	-	-	-	3,34,22.11	3,57,26.29	
7	Information Technology Equipment	17,98,37.31	-	12,83.70	35,19.26	17,76,01.75	14,03,42.35	1,74,93.05	35,19.26	15,43,16.14	-	-	-	-	2,32,85.61	3,94,94.96	
8	Vehicles	7,25,73.06	-	-	-	7,25,73.06	6,90,15.22	15,80.01	-	7,05,95.23	-	-	-	-	19,77.83	35,57.84	
9	Office Equipment	8,21,96.65	-	41,62.45	33,72.81	8,29,86.29	6,49,09.04	70,89.19	32,81.14	6,87,17.09	-	-	-	-	1,42,69.20	1,72,87.61	
	<b>Total</b>	<b>183,21,01.41</b>	<b>-</b>	<b>91,78.50</b>	<b>93,57.25</b>	<b>183,19,22.66</b>	<b>62,47,69.06</b>	<b>4,52,34.67</b>	<b>87,43.88</b>	<b>66,12,59.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117,06,62.81</b>	<b>120,73,32.35</b>	
	<b>Work in Progress</b>														<b>176,42,52.34</b>	<b>122,59,60.88</b>	
	<b>Grand Total</b>	<b>183,21,01.41</b>	<b>-</b>	<b>91,78.50</b>	<b>93,57.25</b>	<b>183,19,22.66</b>	<b>62,47,69.06</b>	<b>4,52,34.67</b>	<b>87,43.88</b>	<b>66,12,59.85</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,49,15.15</b>	<b>243,32,93.23</b>	
	<b>Previous Year</b>	<b>179,86,55.18</b>	<b>-</b>	<b>6,87,39.99</b>	<b>3,52,93.76</b>	<b>183,21,01.41</b>	<b>61,72,43.26</b>	<b>4,36,79.79</b>	<b>3,61,53.99</b>	<b>62,47,69.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,32,93.23</b>	<b>231,06,34.26</b>	

**SCHEDULE -11**  
**CASH AND BANK BALANCES**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Cash (including cheques, drafts and stamps)	14,35.91	40,41.79
2	Bank Balances		
	(a) Deposit Accounts		
	Short Term (due within 12 months):		
	With Banks	363,36,00.00	289,00,00.00
	With Financial Institutions	701,89,10.00	349,00,00.00
	Others		
	With Banks	25,00,00.00	-
	With Financial Institution	-	-
	(b) Current Accounts	10,42,84.84	13,58,56.08
	(c ) Others - Balance with Reserve Bank of India	1,00.00	1,00.00
	<b>TOTAL</b>	<b>1100,83,30.75</b>	<b>651,99,97.87</b>

**SCHEDULE -12**  
**ADVANCES AND OTHER ASSETS**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
	<b>ADVANCES</b>		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	12,96,34.01	6,77,67.02
4	Advance to Directors	-	-
5	Advance Tax paid (Net of provision for taxation)	234,74,85.14	163,74,33.16
6	On account claim payment to Banks	-	-
	Less: Provision for Doubtful Recovery	-	-
7	Advances to Employees	28,55,84.37	26,70,34.04
8	Advance for Expenses	18,59,03.06	30,11,22.83
	<b>TOTAL (A)</b>	<b>294,86,06.58</b>	<b>227,33,57.05</b>
	<b>OTHER ASSETS</b>		
1	Income accrued on Investments	303,08,74.95	268,11,35.18
2	Outstanding Premiums	-	-
3	Agents' Balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	197,39,90.54	326,02,85.13
6	Due from subsidiaries/holding	-	-
7	Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)	-	-
8	Interest accrued on Housing Loan	2,15,49.75	2,58,85.22
9	Sundry Debtors- Standard Asset	1,25,91.20	-
	Less : Provision for Standard Asset	50.37	-
	<b>( I )</b>	<b>1,25,40.83</b>	<b>-</b>
	Sub - Standard Asset	-	-
	Less : Provision for Sub - Standard Asset	-	-
	<b>( II )</b>	<b>-</b>	<b>-</b>
	Doubtful Asset	7,04,26.80	7,04,26.80
	Less : Provision for Doubtful Asset	7,04,26.80	7,04,26.80
	<b>( III )</b>	<b>-</b>	<b>-</b>
	<b>( I + II + III )</b>	<b>1,25,40.83</b>	<b>-</b>
10	Amount Recoverable from others	23,74,52.93	24,08,11.52
	Less: Provision for Doubtful Recovery	94,71.30	94,71.30
		22,79,81.63	23,13,40.22
11	Sundry Deposits	38,22,28.24	32,55,99.20
	Less : Provision for Doubtful Debts	-	-
		38,22,28.24	32,55,99.20
12	Unclaimed Amount for Policyholder Assets	1,72,24.29	1,65,43.66
13	ATI Investment on behalf of Govt. of India	81,23,31.00	-
	<b>TOTAL (B)</b>	<b>647,87,21.23</b>	<b>654,07,88.61</b>
	<b>TOTAL (A+B)</b>	<b>942,73,27.81</b>	<b>881,41,45.66</b>

**SCHEDULE -13  
CURRENT LIABILITIES**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Agents' Balances	-	-
2	Balances due to other Insurance Companies	93,54,19.25	120,27,13.25
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	217,16,08.73	193,68,36.58
5	Unallocated Premium	48,63,80.92	34,54,37.58
6	Unclaimed Amount of Policyholders	1,83,24.89	1,66,34.60
7	Sundry Creditors	81,59,85.26	28,13,06.53
8	Due to subsidiaries/holding company	-	-
9	Claims outstanding	6674,15,73.27	5877,71,65.59
10	Due to Employees	27,22,30.99	18,13,74.55
11	Others		
	- NEIA	18,21,36.04	17,10,70.36
	- Factoring	26,61.13	-
	- Miscellaneous	2,75,51.24	4,20,44.25
	- GST Liability	1,02,26.39	1,03,52.61
12	Unrecorded Receipt in Bank due to Covid 19	20,77,59.70	-
	<b>TOTAL</b>	<b>7187,18,57.81</b>	<b>6296,49,35.90</b>

**SCHEDULE -14  
PROVISIONS**

	<b>Particulars</b>	<b>Current Period Audited (₹'000)</b>	<b>Previous Period Audited (₹'000)</b>
1	Reserve for Unexpired Risk	396,14,47.62	435,01,03.57
2	Reserve for Premium Deficiency	210,30,00.00	191,38,00.00
3	Reserve for Corporate Social Responsibility	-	-
4	For Taxation		
	- Income Tax (Net of Advance Tax)	-	-
5	For Proposed Dividends	-	-
6	For Dividend distribution Tax	-	-
7	For Retirement Benefits		
	- Leave Encashment & Long Service	49,50,72.55	45,12,51.38
	- Gratuity	2,81,49.26	1,51,39.00
	- Pension	50,18,49.54	32,50,47.37
8	For Thinly Traded Shares	-	-
9	For Doubtful Assets - Investment	109,97,70.60	41,33,68.30
	<b>TOTAL</b>	<b>818,92,89.57</b>	<b>746,87,09.62</b>

**SCHEDULE -15  
MISCELLANEOUS EXPENDITURE**

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

## **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 AS 26 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.

## **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 Un-expired 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; 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 thousands (previous year ₹3,98.47 thousands) where stamp duty has been paid but registration formalities are pending. Further, it includes, properties costing ₹5,77,43.90 thousands (previous year ₹5,77,43.90 thousands) 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.
- 3(b) 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 is not yet classified as asset, however the Company is contesting the matter before 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 ₹17,81,87.22 thousands (previous year ₹12,94,28.77 thousands) 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 thousands for the year ended (previous year ₹17,23,92.70 thousands) 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 thousands as against company's demand of ₹29,17,48.34 thousands. 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 ₹171,78,48.42 thousands as receivables from one of the Reinsurance companies on account of Excess of Loss (XOL) Treaty since June 2014 in respect of a claim filed with them. Company had several rounds of positive discussions with the Reinsurance Company and there is a high probability that the amount shall be recovered.
- 4(e) Advances and Other Assets (Schedule 12) includes deposits of ₹8,00,00.00 thousands (previous year deposits of ₹7,00,00.00 thousands) which have been pledged with National Stock Exchange of India and Bombay Stock Exchange as cash margin.
- 4(f) Advances and Other Assets (Schedule 12) includes amount of ₹81,23,31.00 thousands (USD 1170 thousands @ INR 69.43 per USD) transferred to African Trade Insurance on behalf of Govt. of India.

## **5. CURRENT LIABILITIES:**

- 5(a) Current Liabilities include ₹1,39,50.00 thousands (previous year ₹2,02,00.00 thousands) 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 31<sup>st</sup> March, 2020 under the annual Memorandum of Understanding (MOU) signed with the Administrative Ministry, pending final rating to be conveyed by the Administrative Ministry.
- 5(b) The Company has made a provision of ₹21,99,69.00 thousands towards wage revision due to its employees based on prevalent Industry practices which includes differential provision of ₹13,63,11.00 thousands attributable to the period 1<sup>st</sup> August, 2017 to 31<sup>st</sup> March, 2019 and the same will be payable to the employees upon approval from Ministry of Commerce, Government of India.
- 5(c) 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 ₹4819,59,31.75 thousands (previous year ₹3484,42,37.66 thousands) has been recognized as estimated liability towards unreported and not enough reported claims (IBNR & IBNER).

## **6. PROVISIONS:**

- 6(a) Investment in Debentures of a company ₹5,00,00.00 thousands is fully treated as doubtful and provided in the accounts in the earlier years in line with IRDAI norms. It is shown under the head Provision for Doubtful Assets - Investment – Schedule 14.
- 6(b) The Company has investments of Rs. ₹105,00,00.00 thousands Face Value (Book Value . ₹104,98,00.00 thousands) in Non-Convertible Secured Debenture issued by Infrastructure Leasing and Financial Services Ltd (IL&FS) as on 31st March, 2020. During the Year, the Company has made additional provision of ₹78,73,00.00 thousands being 75% (Previous year ₹26,25,00.00 thousand being 25%) of this investments and is fully treated as doubtful. This is also shown under the head Doubtful Assets – Investment – Schedule 14. Interest was accrued of ₹10,08,68.30 on the investments made in IL&FS debentures till its NPA classification against which the provision of same amount was made in the books of account in FY 2018-19, which was written off during the FY 2019-20.

## **7. FACTORING**

The Company has made provision of ₹50.37 thousands (previous year ₹NIL) 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 thousands 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 IRDI guidelines to General Insurance Company of India. Quota Share cession under Policy is 26% (previous year 26%) – with GIC Re (8%), Swiss Re (8%), SCOR Re (5%), Partner Re (2%), Hannover Re (3%) and under ECIB is 14.50% (previous year 21.50%) – with GIC Re (4%), Swiss Re (4%), SCOR Re (2.5%), Partner Re (1%) and

Hannover Re (3%). 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%	21.50%	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 NEIA Trust set up by Government of India. The Company has obtained guarantee from NEIA Trust for 50 MLT covers (previous year 43 MLT covers) on payment of a fee for the FY 2019-20. During the current FY, the Company paid guarantee fees of ₹4,74,82.00 thousands (previous year ₹3,14,54.60 thousands) to NEIA Trust.

## **10. PREMIUM INCOME**

Premium income is recognised on assumption of risk. The Company has estimated the premium income, based on available information relating to shipments made / advances granted in the month of March 2020 at ₹67,07,47.92 thousands (previous year ₹44,43,87.00 thousands) which is recognised in 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.

## **11. NEIA TRUST**

The administrative charges receivable by the Company from NEIA Trust of ₹2,48,68.09 thousands (previous year ₹2,95,01.51 thousands) are included in Other Income. Administrative charges received in advance of ₹18,21,36.04 thousands (previous year ₹17,10,70.36 thousands), 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 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 have made assessment of the situation on its financials for the current year. The impact of these developments is yet to be quantified and 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.

Further, as advised by IRDAI, we have also carried out a stress test of the solvency in the following scenario:-

Scenario 1:- Premium Income remains at same level and expected claim get doubled compared to FY 2019-20. In this scenario the solvency ratio of the company would be 6.8 times the required ratio.

Scenario 2:- Premium Income doubles from FY 2019-20, reinsurance support decreases and claim experience worsens (doubles). In such scenario the solvency ratio will be 3.17 times.

Scenario 3:- Premium income decreases and claims increases from FY 2019-20. In such scenario the solvency ratio will be 5.8 times.

In above scenarios we will be above the regulatory minimum Solvency Ratio of 1.50 times. As such, the company will be a going concern.

- 13. (a)** 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 31/03/2020 the matter is sub-judice. Premium Received in advance under Schedule 13 – Current Liabilities includes an amount of ₹2,32,44.55 thousands 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 thousands 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 thousands (including amount of ₹30,00.00 thousands being over and above the minimum premium) is shown under the head Sundry Creditors – Schedule 13.
- 13. (b)** Further, 'Sundry Creditors' under 'Schedule 13 - Current Liabilities' includes an amount of ₹24,61.77 thousands ( previous year ₹67,14.06 thousands) 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'.
- 14.** Balances under Sundry Debtors, Sundry Creditors and Deposits, Other Liabilities, Loans, Advances and Other Assets including amount recoverable, Deposits premium accounts including personal ledger balances of insured's, minimum premium account, reinsurance accounts are subject to confirmation and consequential adjustments, if any.
- 15.** As per Standard practice followed by the Company, claims are settled by the various officials of the Company including the Board of Directors by using the discretionary powers to condone various lapses in the claims preferred. All these claims settled are considered to have been settled in the normal course of business of the Company.

16. Prior Period Adjustments Include:

Debits:

(₹ '000)

Particulars	Current Year	Previous Year
Premium	-	21,45.80
Others	20.00	5.68
Depreciation	-	12.70
Repair and Maintenance	2,38.39	-
Property Tax - Andheri Premises	-	1,35,12.35
Interest On Housing Loan	2,13.95	-
Agency Commission	-	60.72
<b>Total</b>	<b>4,72.34</b>	<b>1,57,37.25</b>

Credits:

(₹ '000)

Particulars	Current Year	Previous Year
Others	-	34.24
Interest On Housing Loan	-	24,20.70
Depreciation	-	13,53.01
<b>Total</b>	<b>-</b>	<b>38,07.95</b>
<b>Net Debit / (Credit) in prior Period Adjustments</b>	<b>4,72.34</b>	<b>1,19,29.30</b>

17. Earnings and Expenditure in Foreign Exchange:

(₹ '000)

Earnings	Current Year	Previous Year
Claims Recovered	1,19,43.75	10,09.48
Re-insurance*	68,48,69.66	107,18,38.48
Other Receipt	1,86,70.85	-

Expenditure	Current Year	Previous Year
Membership Fees and other expenses	35,40.18	42,63.85
Travelling expenses	46,33.35	52,11.12
Status Enquiry Fees	1,09,16.85	98,91.58
Books and periodicals	40,30.26	36,51.88

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

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

**19. SEGMENTAL REPORTING (Accounting Standard 17)**

The Company operates in single segment 'Export Credit Insurance'. The Company has initiated activities to start factoring of export bills amounting to ₹2,14,44.43 thousands. Total revenue during the year is ₹3,78.82 thousands (previous year NIL). 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.

**20. Related Party Disclosures pursuant to Accounting Standard No. 18:****(i) Key Management Personnel:**

Sr. No.	Name	Designation
1	Smt. Geetha Muralidhar	Chairman-cum-Managing Director (CMD) upto 31.10.2019
2	Shri M Senthilnathan	Chairman-cum-Managing Director (Additional charge) since 01.11.2019
		Executive Director (Policy Matters)
3	Shri V Dharmarajan	Executive Director (Operations) upto 30.06.2019
4	Smt. R Padmavathy	Executive Director (Operations) Since 01.07.2019
		General Manager, Chief Underwriting Officer (MLT) upto 30.06.2019
5	Smt. Subir Kumar Das	General Manager, Chief Underwriting Officer (MLT) Since 01.07.2019
6	Shri C N A Anbarasan	General Manager, Chief Underwriting Officer (ECIB-ST)
7	Shri Sunil Joshi	General Manager, Chief Vigilance Officer, Chief of Internal Audit
8	Shri P L Thakur	General Manager, Chief Underwriting Officer (Policy-ST)
9	Shri Shivaji Narvekar	General Manager, Chief Marketing Officer and Transparency Officer.
10	Shri Sristiraj Ambastha	General Manager (HRD)
11	Shri Rajiv Manavi	General Manager, Chief Financial Officer upto 30.04.2019
12	Shri Ishnath Jha	General Manager, Chief Financial Officer Since 08.05.2019
13	Shri Nirdosh Chopra	Chief Risk Officer Since 02.05.2019
14	Smt. Smita V Pandit	Chief Compliance Officer
15	Ms. Priscilla Sinha	Appointed Actuary
16	Ms. Arpita Sen	Chief Investment Officer Since 26.11.2019
17	Shri R K Pandian	Chief Investment Officer upto 26.11.2019
18	Smt. Yogita Arora	Appointed Actuary upto 16.04.2019

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

(₹ '000)

Particulars	Current year	Previous Year
Salary and Allowances	4,60,95.63	3,89,92.41
Appointed Actuary	80,03.97	51,92.00

(iv) Transactions during the year with related parties:

(a) NEIA Trust

(₹ '000)

Sr. No.	Nature of Transactions	Current year	Previous Year
1	Administrative Charges Received for the Year	2,48,68.09	2,95,01.51
2	Administrative Charges received in advance (Balance as on date)	18,21,36.04	17,10,70.36
3	Prepaid Expenses paid to NEIA (Balance as on date)	10,40,95.92	4,23,91.41
4	Outstanding Dues as at year end – Debit Balance	3,84,68.97	3,95,03.27
5	Guarantee Fees paid	4,74,82.00	3,14,54.60

## 21. DEFERRED 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 Debit during the year amounting to ₹10,59,28.58 thousands (previous year debit ₹8,76,70.87 thousands). The Net Deferred Tax Assets at the end of the year amounts to ₹41,28,81.21 thousands (previous year Deferred Tax Assets ₹30,69,52.63 thousands). The breakup of Deferred Tax Assets and Deferred Tax Liabilities is as under:

(₹ '000)

Particulars	Opening at 01-04-2019	Charge/Credit during the year	Closing at 31-03-2020
Liability			
Depreciation	3,66,72.27	(1,09,21.55)	2,57,50.72
<b>Total</b>	<b>3,66,72.27</b>	<b>(1,09,21.55)</b>	<b>2,57,50.72</b>
Assets			
Provision for leave encashment	15,76,85.28	(3,30,85.42)	12,45,99.86
Provision for doubtful debts	17,23,67.01	12,45,44.69	29,69,11.70
Provision for gratuity	-	62,19.35	62,19.35
PLLI	70,58.69	(35,47.75)	35,10.94
Wage Revision(PF& leave encashment)	65,13.92	8,76.16	73,90.08
<b>Total</b>	<b>34,36,24.90</b>	<b>9,50,07.03</b>	<b>43,86,31.93</b>
<b>Deferred Tax Asset/(Liability)</b>	<b>30,69,52.63</b>	<b>10,59,28.58</b>	<b>41,28,81.21</b>

**22. Earnings Per Share is calculated as under:**

(₹ '000)

	Particulars	Current Year	Previous Year
a)	Numerator : Net Profit as per Profit & Loss A/c (₹ '000)	323,83,97.41	244,38,27.13
b)	Denominator: Weighted Average Number of Shares Outstanding during the year	22,98,63,691.00	18,21,91,781.00
c)	Earnings per share: Basic (₹)	14.09	13.41
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.

**23. CONTINGENT LIABILITIES**

(₹ '000)

Sr. 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	172,82,61.00	208,95,14.00
3.	Policies and ECIB claims against the Company not acknowledged as debt	1052,15,10.00	953,71,19.00
4.	Guarantees given by or on behalf of the Company	Nil	Nil
5.	Income Tax	377,00,00.00	378,98,00.00
6.	ESI, EPF and Stamp Act.	47,64.75	47,64.75

**24. CAPITAL COMMITMENTS**

Amount of capital commitments outstanding is ₹194,36,47.93 thousands (previous year ₹127,09,49.00 thousands).

25. Based on the actuarial valuations by the Appointed Actuary, premium deficiency reserve of ₹210,30,00.00 thousands (previous year ₹191,38,00.00 thousands) is provided as per IRDAI requirements.

**26. RESERVE FOR CORPORATE SOCIAL RESPONSIBILITY:**

The Company has computed CSR provision for the year 2019-20 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)

Particulars	Amount
Amount committed to be spent (A)	5,17,35.09
Amount to be spent as per section 135 of Companies Act, 2013 (B)	7,00,00.00
Total available amount (C=A+B)	12,17,35.09
Amount spent during the year (D)	11,82,01.07
Total unspent amount balance under CSR activities (E=C-D)	35,34.02

27. 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.

28. Short Term Deposits with Scheduled banks (Schedule 11) include Fixed Deposits of ₹40,00,00.00 thousands is kept with Bank as collateral security for availing overdraft facility.

**29. Investment in Central Government Securities (Schedule 8) includes:**

(a) 7.16% 2023 Government of India bonds having book value of ₹4,99,25 thousands (previous year ₹4,99,25 thousands 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 thousands (previous year ₹93,17 thousands 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.

**30. Investments**

In the year 2018-19, Company has segregated ₹290,58,37.42 thousands Book Value (Face Value ₹275,00,00.00 thousands) for Shareholders Fund in excess of solvency margin. After transfer to African Trade Insurance as mentioned in para 4(f), balance in the Shareholders fund in excess of Solvency Margin as on March 31, 2020 is ₹22,38,340.10 thousands Book Value (Face Value ₹211,01,52.21 thousands).

### 31. 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 New Pension Scheme (NPS) under 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 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.
- (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.

(₹ '000)

	Category	Current Year	Previous Year
<b>1</b>	<b>Recognized in the Balance Sheet</b>		
	Present Value of the Defined Benefit Obligation	49,50,72.55	45,12,51.38
	Liability at the beginning of the year	45,12,51.38	41,50,84.89
	Additional Liability recognised in the Balance Sheet	(4,38,21.17)	(3,61,66.49)

- (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)

	<b>Category</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>1</b>	<b>Change in Benefit Obligations</b>		
	Projected benefit obligations at the beginning of the year	336,34,47.37	314,44,07.54
	Interest Cost	26,16,76.21	24,40,06.03
	Current Service Cost	11,42,42.30	10,71,90.84
	Liability Transferred		
	Benefits paid	(51,85,52.90)	(41,39,00.00)
	Actuarial (Gain) / Loss	42,66,99.14	28,17,42.96
	Projected Benefit Obligations at the end of the year	364,75,12.12	336,34,47.37
<b>2</b>	<b>Change in Plan Assets</b>		
	Plan Assets at the beginning of the year at fair value	303,84,00.00	316,04,11.52
	Expected return on Plan Assets	23,63,87.52	24,52,47.93
	Contributions	35,56,13.33	3,32,00.00
	Assets Transferred in	-	-
	Benefits paid	(51,85,52.90)	(41,39,00.00)
	Actuarial Gain / (Loss)	3,38,14.63	1,34,40.55
	Plan Assets at the end of the year at fair value	314,56,62.58	303,84,00.00
<b>3</b>	<b>Recognized in the Balance Sheet</b>		
	Present Value of the Defined Benefit Obligation	364,75,12.12	336,34,47.37
	Plan Assets at the end of the year at fair value	314,56,62.58	303,84,00.00
	Liability recognised in the Balance Sheet	50,18,49.54	32,50,47.37
<b>4</b>	<b>Cost for the year</b>		
	Current Service Cost	11,42,42.30	10,71,90.84
	Interest Cost (Includes Expected return on Plan Assets)	2,52,88.69	(12,41.90)
	Actuarial (Gain) / Loss	39,28,84.51	26,83,02.41
	Expense recognised in the Revenue account	53,24,15.50	37,42,51.35

**Gratuity**

(₹ '000)

	<b>Category</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>1</b>	<b>Change in Benefit Obligations</b>		
	Projected Benefit Obligations at the beginning of the	43,55,74.18	46,00,53.03

	<b>Category</b>	<b>Current Year</b>	<b>Previous Year</b>
	year		
	Interest Cost	3,39,31.23	3,60,22.15
	Current Service Cost	70,83.93	67,56.16
	Past Service Cost – Vested Benefit		
	Benefits paid	(6,11,51.44)	(7,55,23.86)
	Actuarial (Gain) / Loss	2,62,65.86	82,66.70
	Projected Benefit Obligations at the end of the year	44,17,03.76	43,55,74.18
<b>2</b>	<b>Change in Plan Assets</b>		
	Plan Assets at the beginning of the year at fair value	42,04,35.18	28,23,06.47
	Expected return on Plan Assets	3,27,51.90	2,21,04.60
	Contributions	2,54,14.65	18,11,48.91
	Assets Transferred In	-	-
	Benefits paid	(6,11,51.44)	(7,55,23.86)
	Actuarial Gain / (Loss)	(38,95.79)	1,03,99.06
	Plan Assets at the end of the year, at fair value	41,35,54.50	42,04,35.18
<b>3</b>	<b>Recognized in the Balance Sheet</b>		
	Present Value of the Defined Benefit Obligation	44,17,03.76	43,55,74.18
	Plan Assets at the end of the year at fair value	41,35,54.50	42,04,35.18
	Liability recognised in the Balance Sheet	2,81,49.26	1,51,39.00
<b>4</b>	<b>Cost for the year</b>		
	Current Service Cost	70,83.93	67,56.16
	Interest Cost	11,79.33	1,39,17.55
	(Includes Expected return on Plan Assets)		
	Actuarial (Gain) / Loss	3,01,61.65	(21,32.26)
	Past Service Cost – Vested Benefit		
	Expense Recognised in the Revenue account	3,84,24.91	1,85,41.35
	<b>Category</b>	<b>Pension</b>	<b>Gratuity</b>
<b>5</b>	<b>Assumptions</b>		
	Interest rate for Discounting	6.81% (7.78%)	6.84% (7.79%)
	Estimated rate of return on Plan Assets	6.81% (7.78%)	6.84% (7.79%)
	Salary Escalation	7.00% (7.00%)	7.00% (7.00%)
	Rate of Employee Turnover	0.50%	0.50%
<b>6.</b>	<b>Method of Valuation</b>	<b>Projected Unit Credit Method</b>	
	Basis used to determine the expected rate of return on Plan Assets.	The expected rate of return on plan assets is based on the current portfolio of the assets, investment strategy and the market scenario, in order to protect capital and optimize returns within acceptable risk parameters; the Plan Assets are well diversified.	

### 32. 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 ₹13,92,14.20 thousands (previous year ₹12,79,71.68 thousands). As per AS-19 "Leases" amount of minimum future payments for operating leases is ₹35,29,38.59 thousands (previous year ₹62,86,69.64 thousands).

### 33. 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).

34. The recoveries of claims paid in earlier years (Schedule 2) are accounted net of expenses at ₹166,43,65.31 thousands (previous year ₹150,82,70.98 thousands) such as recovery commission, bank charges, etc. incurred on such recoveries as per the practice consistently followed by the Company.

35. 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)

Sr. No	Particulars	Current Year	Previous Year
i	Outsourcing Expenses	25,89,16.80	15,27,74.40
ii	Business Development	1,93,42.18	1,52,98.19
iii	Marketing Support	4,61,43.60	4,99,91.65

### 36. RATIOS FOR NON – LIFE COMPANIES

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

37. Extent of risk retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance)

FY	Premium Statistics for the Period April 2019 to March 2020				
	Premium				
	Premium	Retention	%	RI Ceding	%
2019-20	1075,47,39.68	792,28,95.24	73.67%	283,18,44.44	26.33%
2018-19	1247,54,25.98	870,02,07.14	69.74%	377,52,18.84	30.26%

38. Statement showing Age-wise Analysis of un-claimed amount of the policy-holders as per IRDAI Circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated 04/11/2010 and Circular no. IRDA/F&A/CIR/114/05/2015 dated 28/05/2015 is given in Annexure – 3A & 3B.
39. 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:

Sr. No	Authority	Non-Compliance/ Violation	Amount in ₹' 000		
			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 Government / Statutory Authority	*EPF & MP Act, 1952 in respect of 57 casual workers.	43,18.04	NIL	NIL
		**Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and Employees Deposit Linked Insurance Scheme 1976.	1,12,55.47	NIL	NIL
		***The Maharashtra Stamp Act, 1958	4,46.71	NIL	NIL

Note:-

\*EPF & MP Act, 1952 in respect of 57 casual workers - A Summon dated 10.04.2017 was issued to the Company by the Asst. PF Commissioner, EPFO u/s.6, 6A and 6C of the Act read along with Para 38 of the Employees' Provident Fund Scheme 1952, 3 of Employees' Pension Scheme 1995 and 8(1) of Employees Deposit Linked Insurance Scheme 1976 for payment of damages of ₹43,18,042 and interest of ₹24,27,917 for the period from 01.04.2016 to 31.03.2017 towards EPF Contribution, EPF Administration/Inspection Charges, EDLI Contribution and EDLI Administration/Inspection Charges. The Company is contesting the matter before the Asst. PF Commissioner since PF contribution to EPFO was made by the Company while following the orders of Regional PF Commissioner, hence the liability, if any in the matter would be on account of payment of interest on delayed PF Contribution, at the applicable rate.

\*\*Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (Act)- APFC, EPFO has issued 3 notices dated 12.03.2019 under Section 6, 6A and 6C of the Act read with Para 38 of the Employees' Provident Fund Scheme, 1952, 3 of Employees' Pension Scheme 1995 and 8(1) of Employees Deposit Linked Insurance Scheme, 1976 for the period July 1989 to August 2016 in respect of Casual Workers towards EPF Contributions, EPF Administration/ Inspection Charges, EDLI Contributions and EDLI Administration/ Inspection charges totalling to damages of ₹1,12,55,467 and Interest of ₹1,03,28,895. The hearing was concluded on 07.06.2019 while reserving the order. The order is yet to be received by ECGC Ltd.

\*\*\*The Maharashtra Stamp Act, 1958: Stamp Office, Mumbai, Maharashtra State, vide its letter dated 06/01/2015, had imposed a penalty of ₹4,46,710 for non-payment of stamp duty of ₹7,20,500 payable on the construction contract agreement entered with Project Contractor, M/s. Unity Infraprojects Limited on 07/04/2012.

The Company has represented the case on 22/01/2015 to The Dy. Inspector General of Registration for waiver of penalty and the matter is being continuously followed up with the respective authority for early decision. The matter is pending for hearing.

#### **40. ALLOCATION OF INCOME AND EXPENSES**

Investment 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.

41. 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

**(DAVID RASQUINHA)**  
Director  
DIN - 01172654

**(SUNIL JOSHI)**  
Executive Director  
DIN - 08778530

**(NIRDOSH CHOPRA)**  
Chief Financial Officer

**(SMITA PANDIT)**  
Company Secretary

As per our Report of even date:

**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  
Kolhapur

**(SANJAY KAPADIA)**  
Partner - M. No. 38292

Place: Mumbai

Dated: 21<sup>st</sup> August, 2020

**ECGC Limited**

CIN: U74999MH1957GOI010918

**Annexure - 1 (a) to Schedule 17**

**DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS**

	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
1		
The details of encumbrances to the assets of the Corporation are as under		
a) In India	Nil	Nil
Outside India	Nil	Nil
2		
Commitments Outstanding (as per the data provided by the management)		
a) Commitments made and outstanding for loans and investments	Nil	Nil
b) Commitments made for Fixed Assets (Net of advances)	194,36,48.00	127,09,49.00
3		
Claims, less reinsurance, paid to claimants		
a) In India	290,32,07.93	720,60,03.58
b) Outside India	Nil	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	332	129
Amount	1804,68,57.76	1306,89,77.88
Claims outstanding for less than six months (Gross - Indian)		
Number of Claims	479	467
Amount	763,23,54.07	1944,46,32.12
Total Number of Claims outstanding (Gross - Indian)	811	596
Amount	2567,92,11.83	3251,36,10.00
6		
Premiums, less reinsurance, written from business		
In India	792,28,95.24	870,02,07.14
Outside India	Nil	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.	396,14,47.62	435,01,03.57
8		
Details of contracts in relation to investments for,		
a) Purchase where deliveries are pending	Nil	Nil
b) Sales where payments are due	Nil	Nil

	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>
9	The entire operating expenses pertain to credit insurance business.	
10	Investments are valued in accordance with the declared 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	Refer Point no. 4.6 of Significant Accounting Policy Nil	Refer Point no. 4.6 of Significant Accounting Policy Nil
13	Basis of amortisation of debt securities Provision for diminution in the value of the investments	
	a)	Unrealised gains and losses due to changes in fair value of listed equity shares under Fair value change a/c
		(98,05,36.12)
	b)	Pending realisation, credit balance in Fair value change a/c not available for distribution.
		-
14	The Corporation does not have investment in 'Real Estate Investment 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	Nil
	Amount	Nil
	B 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)	N.A
	b) Outside India	N.A
	2 Segregation of Investments into performing and non-performing investments is as under	
	Performing(Standard) Investments	11999,88,46.65
	Non Performing Investments	110,00,00.00
	Total Book Value(Closing Value)	12109,88,46.65
	3 Percentage of business sectorwise As the corporation caters to exporters only, no such sectors are specifically identifiable.	
4	A summary of financial statements for 5 years is enclosed. As per Annexure 1b As per Annexure 1b	

	<b>Current Year (₹ '000)</b>	<b>Previous Year (₹ '000)</b>	<b>Growth %</b>
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	1075,47,39.68	1247,54,25.98	-13.79
Net Premium	792,28,95.24	870,02,07.14	-8.93
Net Retention Ratio (%) (Net Premium/Gross Premium)	73.67	69.74	5.64
Profit before Tax to Share Capital (%)	16.00	15.72	1.79
Profit before Tax to Networth (%)	7.67	7.04	8.95
Profit after Tax to Networth (%)	6.21	5.48	13.32
Expenses of Management to Gross Premium (%)	27.22	21.16	28.64
PBDIT to Total Employment	70,85.90	52,61.06	34.69
Technical Reserves to Net Premium			
Unexpired Risks Reserve	396,14,47.62	435,01,03.57	-8.93%
Outstanding Claims	6674,15,73.27	5877,71,65.59	13.55%
Premium Deficiency	210,30,00.00	191,38,00.00	9.89%
Total Technical Reserves	7280,60,20.89	6504,10,69.16	11.94%
Net Premium	792,28,95.24	870,02,07.14	-8.93%
Ratio	9.19	7.48	22.92

## ECGC Limited

CIN: U74999MH1957GOI010918

### DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

Annexure - 1 (b) to Schedule 17

(₹ '000)

		2019-20	2018-19	2017-18	2016-17	2015-16
	<b>OPERATING RESULTS</b>					
1	Gross Direct Premium	1075,47,39.68	1247,54,25.98	1240,41,70.70	1267,62,48.71	1320,72,97.15
2	Net Earned Premium	792,28,95.24	870,02,07.14	838,82,48.95	839,64,91.37	903,49,64.18
3	Income from Investments (Net)	507,97,46.56	484,33,90.96	421,18,52.23	377,94,12.18	352,13,64.65
4	Other Income(Fee & Other Receipts )	2,24,58.39	2,34,38.90	3,85,05.23	2,48,01.65	4,33,22.99
5	Total Income	1302,51,00.19	1356,70,37.00	1263,86,06.41	1220,07,05.20	1259,96,51.82
6	Commission (Net) ( Including Brokerage)	(37,15,68.81)	(51,56,04.98)	(58,09,97.22)	(70,04,80.73)	(67,71,01.89)
7	Operating Expenses	314,08,13.26	265,94,06.60	192,78,45.75	195,49,31.98	185,56,64.81
8	Net Incurred Claim	958,62,03.99	1141,16,19.58	1138,58,81.99	1056,65,01.81	1000,62,50.19
9	Change in Unexpired Risk Reserve	38,86,55.95	(15,59,79.10)	41,21.21	31,92,36.41	(34,75,83.63)
10	Operating Profit / (Loss)	86,91,07.70	(42,76,63.30)	(130,05,02.90)	138,09,89.14	106,72,55.08
	<b>NON OPERATING RESULTS</b>					
11	Total Income under Shareholders' account	313,10,81.51	357,15,43.20	253,46,72.77	269,39,52.70	280,63,42.87
12	Profit / (Loss) before tax	400,01,89.21	314,38,79.90	123,41,69.87	407,49,41.84	387,35,97.95
13	Provision for tax	76,17,91.80	70,00,52.77	55,49,97.61	125,35,00.55	111,13,31.25
14	Profit / (Loss) after tax	323,83,97.41	244,38,27.13	67,91,72.26	282,14,41.29	276,22,66.70
	<b>MISCELLANEOUS</b>					
15	Policyholders' Account *					
	Total Funds	7644,96,74.89	6923,69,85.54	6289,14,37.20	5640,60,00.59	5150,48,47.08
	Total Investments #	7144,83,19.52	6722,76,41.55	5458,50,54.42	4996,80,82.41	4294,57,16.75
	Yield on Investments	8.76	8.76	9.08	8.50	8.40
16	Shareholders Account' *					
	Total Funds	5312,60,45.26	4066,29,91.51	3854,63,64.73	3760,40,00.39	3579,15,03.91
	Total Investments #	4965,05,27.13	3948,29,00.59	3345,53,55.94	3331,20,54.94	2984,36,33.68
	Yield on Investments	8.76	8.76	9.08	8.50	8.40
17	Paid up Equity Capital	2500,00,00.00	2000,00,00.00	1500,00,00.00	1450,00,00.00	1300,00,00.00
18	Net Worth	5214,91,80.31	4463,41,14.66	3737,11,20.47	3619,19,48.21	3279,34,83.97
19	Total Assets	13422,97,91.57	11840,49,31.53	10447,07,12.65	9775,15,06.80	8899,09,10.64
20	Yield on Total Investments	8.29	8.76	9.08	8.50	8.40
21	Earnings Per Share ( Rs.)	14.09	13.41	4.98	20.90	22.15
22	Book Value per share (Rs.)	2,08.60	2,23.17	2,70.50	2,70.45	2,59.51
23	Total Dividend	-	60,00,00.00	15,00,00.00	72,50,00.00	65,00,00.00
24	Dividend per share (Rs.)	-	3.00	1.00	5.00	5.00

\* 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.

# Investments includes Fixed deposits under Sch 11 - Cash & Bank Balances.

# ECGC Limited

CIN: U74999MH1957GOI010918

Annexure 2 to Schedule 17

## Analytical Ratios for the period ended on 31st March 2020

Sl. No	Particular	31 March 2020	31 March 2019
1	Gross Direct Premium Growth Rate Gross Direct Premium Growth	1075,47,39.68 -13.79%	1247,54,25.98 0.57%
2	Gross Direct Premium to Net Worth Ratio (Times) Total Gross Direct Premium Net Worth (Closing) Ratio (times)	1075,47,39.68 5214,91,80.31 0.21	1247,54,25.98 4463,41,14.66 0.28
3	Growth Rate of Net Worth Net Worth (Opening) Net Worth (Closing) Growth rate of Net Worth	4463,41,14.66 5214,91,80.31 16.84%	3737,11,20.47 4463,41,14.66 19.43%
4	Net Retention Ratio Net Premium Gross Direct Premium Net Retention Ratio	792,28,95.24 1075,47,39.68 73.67%	870,02,07.14 1247,54,25.98 69.74%
5	Net Commission Ratio Net Commission Net Premium Ratio	(37,15,68.81) 792,28,95.24 -4.69%	(51,56,04.98) 870,02,07.14 -5.93%
6	Expenses of Management to Gross Direct Premium Ratio Expenses of Management Gross Direct Premium Ratio	292,75,41.86 1075,47,39.68 27.22%	263,99,38.68 1247,54,25.98 21.16%
7	Expenses of Management to Net Written Premium Ratio Expenses of Management Net Written Premium Ratio	292,75,41.86 792,28,95.24 36.95%	263,99,38.68 870,02,07.14 30.34%
8	Net Incurred Claims to Net Earned Premium Net Incurred Claims Net Earned Premium Ratio	958,62,03.99 831,15,51.19 115.34%	1141,16,19.58 854,42,28.04 133.56%
9	Combined ratio Net Incurred Claims Net Earned Premium Ratio (a)  Expenses of management Net Written Premium Ratio (b) Combined Ratio (a + b)	958,62,03.99 831,15,51.19 115.34%  246,20,63.07 792,28,95.24 31.08% 146.41%	1141,16,19.58 854,42,28.04 133.56%  205,35,17.96 870,02,07.14 23.60% 157.16%
10	Technical Reserves to Net Premium Ratio (Times) Reserve for Outstanding Claims Reserve For Un-expired Risks Reserve for Premium Deficiency Total Net Premium Ratio (Times)	6674,15,73.27 396,14,47.62 210,30,00.00 7280,60,20.89 792,28,95.24 9.19	5877,71,65.59 435,01,03.57 191,38,00.00 6504,10,69.16 870,02,07.14 7.48
11	Underwriting Balance Ratio Underwriting Profit Net Premium Ratio	(432,58,80.76) 831,15,51.19 -52.05%	(538,18,29.32) 854,42,28.04 -62.99%

# ECGC Limited

CIN: U74999MH1957GOI010918

Annexure 2 to Schedule 17

## Analytical Ratios for the period ended on 31st March 2020

Sl. No	Particular	31 March 2020	31 March 2019
12	Operating Profit Ratio		
	Underwriting Profit	(432,58,80.76)	(538,18,29.32)
	Investment Income	517,25,30.07	493,07,27.12
	Other Income in Revenue account	2,24,58.39	2,34,38.90
	Operating Profit	86,91,07.70	(42,76,63.30)
	Net Earned Premium	831,15,51.19	854,42,28.04
	Ratio	10.46%	-5.01%
13	Liquid assets to liabilities ratio: (Liquid assets of the insurer divided by the policy holders' liabilities) (Times)		
	Liquid Assets	2859,23,17.34	1701,26,77.40
	Policy Holder Liabilities	7280,60,20.89	6504,10,69.16
	Ratio (Times)	0.39	0.26
14	Net earnings ratio		
	Profit After Tax	323,83,97.41	244,38,27.13
	Net Premium	792,28,95.24	870,02,07.14
	Ratio	40.87%	28.09%
15	Return on net worth		
	Profit After Tax	323,83,97.41	244,38,27.13
	Net Worth	5214,91,80.31	4463,41,14.66
	Ratio	6.21%	5.48%
16	Available Solvency to Required Solvency margin Ratio (Times)		
	Available Solvency Margin	4865,08,85.63	3929,70,51.64
	Required Solvency Margin	323,83,70.70	377,78,26.05
	Ratio (Times)	15.02	10.40
17	NPA Ratio		
	<b>Investment:</b>	0.907%	1.031%
	<b>Factoring</b>	84.89%	100%*

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 July 2013 effective from FY 2013-14.

**(M SENTHILNATHAN)**

Chairman cum Managing Director  
DIN - 07376766

**(DAVID RASQUINHA)**

Director  
DIN - 01172654

**(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  
Kolhapur

**(SANJAY KAPADIA)**

Partner - M.No. 38292

Place : Mumbai

Dated : 21st August, 2020

**ECGC Limited**  
formerly Export Credit Guarantee Corporation of India Ltd.  
CIN: U74999MH1957GOI010918

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

Due to Insured - Unclaimed as on 31st March, 2020

Sl. No	Particulars	Total Amount	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 Months
1	Claims settled but not paid to the policyholders / insureds due to any reasons except under litigation from the insured / policyholders	-	-	-	-	-	-	-	-
2	Sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
3	Any excess collection of the premium / tax or any other charges which is refundable to the policyholders 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	94,66.48	74.62	32,07.56	1,28.84	7,09.58	21.37	45.18	52,79.33
4	Cheques issued but not encashed by the policyholder/ insured	56,72.35	83.21	2,98.53	15,96.12	3,97.02	4.04	1,92.51	31,00.92
	Total	1,51,38.83	1,57.83	35,06.09	17,24.96	11,06.60	25.41	2,37.69	83,80.25

Note : 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 issued 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.

**ECGC Limited**  
CIN: U74999MH1957GOI010918

**Details of Unclaimed Amounts and Investment Income thereon as on 31st March, 2020**

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

<b>Particular</b>	<b>As on 31-March-2020</b>	<b>As on 31- March-2019</b>
Opening Balance	<b>1,66,34.60</b>	<b>1,59,83.04</b>
Add: Amount transferred to Unclaimed Amount during the year	44,31.79	14,09.83
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	2,12.49	16,87.17
Add: Investment Income	6,80.64	8,11.66
Less: Amount paid during the year	36,34.63	32,57.10
Closing Balance of Unclaimed Amount	<b>1,83,24.89</b>	<b>1,66,34.60</b>

**ECGC Limited**  
CIN: U74999MH1957GOI010918

**Receipts & Payments Account / (Cash Flow Statement) for the year ended 31st March 2020**

(₹ '000)			
	Particulars	2019-20	2018-19
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
1	Premium received from policyholder including advance receipts	1166,68,09.01	1291,09,27.54
2	Other Receipts / Recoveries / Fees	141,32,09.10	132,26,61.48
3	Payments to reinsurers net of commission and claims	(43,10,78.85)	(41,02,62.61)
4	Payments of Claims	(409,06,38.16)	(1013,30,71.71)
5	Payments of Commission & Brokerage	(5,57,16.18)	(4,06,71.04)
6	Payments of Other operating expenses	(262,44,17.91)	(193,34,10.79)
7	Deposits, Advances & Staff Loan	(91,20,24.91)	(12,42,88.84)
8	Income Tax Paid (Net)	(156,64,37.80)	542,60,86.32
9	GST Paid	(2,20,54.64)	(2,64,24.10)
10	Other Payments/Collection (net)	(19,90,41.52)	(10,77,15.22)
	<b>Cash Flow before extra ordinary items</b>	<b>317,86,08.14</b>	<b>688,38,31.03</b>
11	<b>Cash Flow from extra ordinary operations</b>	-	-
	<b>Net Cash Flow from Operating Activities (A)</b>	<b>317,86,08.14</b>	<b>688,38,31.03</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
1	Addition to Fixed Assets (including capital work in progress)	(38,89,88.49)	(44,68,01.95)
2	Proceeds from Sale of Fixed Assets	5,03.72	1,43.56
3	Net of Purchase and Sale of Investments	(1371,75,62.53)	(1693,55,48.49)
4	Rent / Interest / Dividends Received	794,00,04.32	716,04,57.51
5	Investments in money market instruments and in liquid mutual funds	-	-
6	Expenses related to investments	(84,47.83)	(96,82.82)
	<b>Net Cash Flow from Investing Activities (B)</b>	<b>(617,44,90.81)</b>	<b>(1023,14,32.19)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
1	Proceeds from issuance of share capital (Includes Advance Received for Share Capital)	800,00,00.00	500,00,00.00
2	Interest / Dividend paid	(60,00,00.00)	(15,00,00.00)
3	Dividend Distribution Tax	(12,33,31.76)	(3,08,32.94)
	<b>Net Cash Flow from Financing Activities (C)</b>	<b>727,66,68.24</b>	<b>481,91,67.06</b>
<b>D</b>	<b>Effect of foreign exchange rates on Cash and Cash equivalents, net</b>	(2,12.39)	(2,27.60)
	<b>Net Cash Flow (A+B+C+D)</b>	<b>428,05,73.18</b>	<b>147,13,38.30</b>
<b>E</b>	<b>Net increase in Cash and Cash equivalents:</b>		
1	-- at the beginning of the year	651,99,97.87	504,86,59.57
2	-- at the end of the year	1080,05,71.05	651,99,97.87
	<b>Change in Cash and Cash equivalent</b>	<b>428,05,73.18</b>	<b>147,13,38.30</b>

(M SENTHILNATHAN)  
Chairman cum Managing Director  
DIN - 07376766

(DAVID RASQUINHA)  
Director  
DIN - 01172654

(SUNIL JOSHI)  
Executive Director  
DIN - 08778530

(NIRDOSH CHOPRA)  
Chief Financial Officer

(SMITA PANDIT)  
Company Secretary

As per our report of even date

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  
Kolhapur

(Sanjay Kapadia)  
Partner - M.No. 38292

Place : Mumbai  
Dated : 21st August, 2020



**प्रबंधन रिपोर्ट**

**Management  
Report**



**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 2019-20.
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 ₹ 98601,60,40 thousands against the enhanced Maximum Liability of ₹ 100000,00,00 thousands by Ministry of Commerce & Industry vide letter dated 20.04.2009. Risk exposure of the Company is well within the relevant limits stipulated by IRDAI in this regard for general insurance companies.
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

**(DAVID RASQUINHA)**  
Director  
DIN - 01172654

**(SUNIL JOSHI)**  
Executive Director  
DIN - 08778530

Place : Mumbai  
Date : 21<sup>st</sup> August, 2020

## Annexure I

## Ageing of Claim outstanding as on Financial Years end

Period	2019-20		2018-19		2017-18		2016-17		2015-16	
	No.	Amount Involved								
30 Days	102	144,39,15.20	137	433,26,82.28	152	222,40,53.78	100	289,62,03.90	145	217,79,07.35
30 Days to 6 Months	377	618,84,38.87	330	1511,19,49.84	257	912,16,99.19	185	1010,91,08.40	194	615,90,11.25
6 Months to 1 Year	200	775,84,21.04	94	761,31,39.08	84	730,94,48.66	145	1113,28,86.64	90	603,93,29.10
1 year to 5 years	132	1028,84,36.72	35	545,58,38.80	60	429,14,12.50	36	391,34,63.50	27	178,98,69.62
5 years & above	-	-	-	-	-	-	-	-	-	-
Total	811	2567,92,11.83	596	3251,36,10.00	553	2294,66,14.13	466	2805,16,62.44	456	1616,61,17.32

(₹ '000)

## Annexure II

## Ageing of Claim settlement during Financial Years

Period	2019-20		2018-19		2017-18		2016-17		2015-16	
	No.	Amount Involved								
30 Days	41	7,05,56.70	48	8,36,74.42	79	20,10,79.22	126	25,98,28.19	144	38,34,82.06
30 Days to 6 Months	424	184,52,13.31	538	313,44,99.37	481	262,48,56.37	538	376,97,39.86	345	172,36,21.94
6 Months to 1 Year	77	154,75,50.96	88	292,01,80.79	91	847,69,72.78	84	242,82,44.91	76	646,47,23.07
1 year to 5 years	11	62,08,00.65	51	399,47,17.13	27	152,87,47.54	30	239,55,77.20	14	265,65,80.20
5 years & above	-	-	-	-	-	-	-	-	-	-
Total	553	408,41,21.62	725	1013,30,71.71	678	1283,16,55.91	778	885,33,90.16	579	1122,84,07.27

(₹ '000)

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





स्वतंत्र लेखा परीक्षकों  
की रिपोर्ट  
Independent Auditors'  
Report



<p><b>abm &amp; associates LLP</b>  <b>Chartered Accountants</b>  <b>Office No. 1, Abhishek Building,</b>  <b>B-72/2, Sector 23,</b>  <b>Seawoods, Nerul,</b>  <b>Navi Mumbai – 400706</b></p>	<p><b>SNK &amp; Co.</b>  <b>Chartered Accountants</b>  <b>303, 3<sup>rd</sup> Floor,</b>  <b>Konark Shram Building,</b>  <b>156, Tardeo,</b>  <b>Mumbai – 400034</b></p>
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## 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, 2020, the Revenue Account, the Profit and Loss Account, the Cash Flow Statement (Receipts and Payments Account) for the year then ended and a summary of significant accounting policies and other explanatory information, which includes the returns of sixty branches situated in India out of which fifty eight branches are audited by appointed branch auditors.

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, 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, 2020 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, 2020
- 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.

## **1. 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 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 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, for which management had several rounds of positive discussions with the Reinsurance Company and is of the opinion that there is a high probability that the amount shall be recovered.
- c. Note no. 6(b) to Schedule 17 regarding exposure of Non-Convertible Debentures of the Company to Infrastructure Leasing & Finance Company.
- d. 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.

- e. Note No. 5 (c) and 25 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, 2020 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, 2020 and in his opinion the assumptions considered by him 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 Corporation.
- f. Note no. 14 to Schedule 17 regarding pending reconciliation of and consequential adjustment of certain balances under Sundry Debtors, Sundry Creditors and deposits, Other liabilities, Loans, Advances and other Assets including amount recoverable, and Sundry Deposits including personal ledger balances of insured, minimum premium account, deposit premium account and reinsurance accounts;

Our opinion is not modified in respect of these matters.

## **2. 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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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.

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**

1. We did not audit the financial statements/information of sixty branches included in the financial statements of the Company whose financial statements / financial information reflect total assets of **Rs.4353,19,93.75** thousands as at 31st March, 2020, total operating revenues in terms of Premium of **Rs.1075,47,39.68** thousands and Claims paid of **Rs.408,41,21.62** thousands for the year ended on that date, as considered in the financial statements. The financial statements/ information of fifty eight branches have been audited by the branch auditors (in which financial statements / information of 2 branches have been merged) 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.

### 3. Report on Other Legal and Regulatory Requirements

The financial statements as at March 31, 2020 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.

1. 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 proper books of account as required by law have been kept by the branch so far as appears from our examination of those books;
  - c) The reports on the accounts of the fifty eight branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and 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, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - 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**” and;
  - 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 23 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;

2. Report u/s 143(5) of the Companies Act, 2013

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 financial implications, if any, may be stated.	<p>i) The Company has system in place to process all the accounting transactions through IT systems except for the following:-</p> <p>→ Working of Reinsurance Business &amp; Depreciation Working of Fixed Assets. Though manual controls are available, they may not suffice and Reinsurance &amp; Fixed Assets are also required to be routed through system.</p> <p>→ 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 Trial Balance, it may not suffice and Investment Software should also be merged with the main IT system.</p>

<b>S.No.</b>	<b>DIRECTIONS</b>	<b>ANSWER</b>
2.	Whether there are any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Not Applicable  Company has not availed any loan.
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Yes, funds received in the form of share capital from central government were properly accounted for/ utilized as per its term and conditions.

<b>S.No.</b>	<b>SUB – DIRECTIONS</b>	<b>ANSWER</b>
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 Securities of CGS have been kept with CCIL for secondary market operations and CBLO operations, for which we have obtained the necessary certificates. Bonds/Debentures are held in DEMAT account with the Stock Holding Company of India Limited (custodian). All securities have been verified with the underlying records and no discrepancies have been found except in case of the following: During the financial year 2019-20, the Company has received redemption proceeds for 1000 units of bonds of Indian Railway Finance Corporation (ISIN: INE053F09GU8), Face Value 10.00 Crores) on 08-03-2020 maturity date.

		However, as on 31st March 2020, these were still appearing in the holding statement of Stock Holding Corporation of India Ltd (SHCIL) as NSDL debit confirmation is not received by SHCIL.
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 Company, the Company does not have trading portfolio. Company's entire investment Portfolio is under HTM (Held-to-Maturity) / AFS (Available-for-Sale) category. Accordingly, Company is not having stop loss policy / stop loss limits.

3. Matters required to be dealt with as prescribed by the Schedule C, Regulation 3 of the Insurance Regulatory and Development Authority (Preparation of financial statements and Auditor's Report of Insurance Companies) Regulations, 2002 to the extent not reported elsewhere:
- a. the accounting policies adopted by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDAI in this regard;
  - b. we have reviewed the management report attached to the financial statements, based on the reports of branch auditors regarding such review at branch level, and there are no apparent mistakes or material inconsistencies with the financial statements;
  - c. as per the explanation given by the management, the Company has complied with the terms and conditions of registration as laid down in sub section 4 of section 3 of the Insurance Act, 1938;
  - d. 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 in case of unaudited branches by the branch managers) and securities relating to the loans and investments made by the company by actual inspection or by production of certificates or the other documentary evidences except securities held by the bank for which confirmations have been received;
  - e. 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 Act and these regulations;

- f. 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
- g. 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.

<p><b>For abm &amp; associates LLP</b>  <b>Chartered Accountants</b>  Firm Registration No. 105016W/W-100015</p> <p><b>(Anil Chikodi)</b>  <b>Partner</b>  <b>Membership No. 107659</b></p> <p>Place : Kolhapur  Date : 21/08/2020</p> <p><b>UDIN :</b></p>	<p><b>For SNK &amp; Co.</b>  <b>Chartered Accountants</b>  Firm Registration No. 109176W</p> <p><b>(Sanjay Kapadia)</b>  <b>Partner</b>  <b>Membership No. 38292</b></p> <p>Place :Mumbai  Date : 21/08/2020</p> <p><b>UDIN :</b></p>
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## **“Annexure-A” to the 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”), which comprise as of March 31, 2020 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.

## 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, 2020, 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.

<p><b>For abm &amp; associates LLP</b> <b>Chartered Accountants</b> Firm Registration No. 105016W/W-100015</p> <p><b>(Anil Chikodi)</b> <b>Partner</b> <b>Membership No. 107659</b></p> <p>Place : Kolhapur Date : 21/08/2020</p> <p><b>UDIN :</b></p>	<p><b>For SNK &amp; Co.</b> <b>Chartered Accountants</b> Firm Registration No. 109176W</p> <p><b>(Sanjay Kapadia)</b> <b>Partner</b> <b>Membership No. 38292</b></p> <p>Place : Mumbai Date : 21/08/2020</p> <p><b>UDIN :</b></p>
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**भारत के नियंत्रक और  
महालेखा परीक्षक की टिप्पणी**

Comments  
of  
CAG



**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 2020**

The preparation of financial statements of ECGC Limited for the year ended 31 March 2020 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) Regulation, 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 21 August 2020.

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 2020 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 and Auditor General of India

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

Place: Mumbai  
Date: 21.10.2020







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(भारत सरकार का उद्यम)

पंजीकृत कार्यालय, एक्सप्रेस टावर्स, 10वीं मंजिल, नरीमन पॉइन्ट, मुंबई - 400 021  
टेली: 6659 0500 / 6659 0510 • वेबसाइट: [www.ecgc.in](http://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](http://www.ecgc.in)

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**You focus on exports. We cover the risks.**