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53 rd Annual Report

ãìÌããã§ã¾ã Ìãóãä / Financial Year

2010-11

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EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LIMITED

To

(1) All the Members
(2) The Chairman of Audit Committee
(3) The Statutory Auditors

NOTICE

Notice is hereby given that the 53rd Annual General Meeting of Export Credit Guarantee Corporation of India Limited will be held in Room No. 141, Udyog Bhawan, New Delhi on Wednesday, the 27th July 2011 at 15.30 hours to transact the following business:

Ordinary Business:

1. To consider and adopt the Balance Sheet of the Company as at 31st March 2011 and Income and Expenditure Statement for the year ended on that date and the reports of the Directors and Auditors thereon;

2. To declare dividend for the year ended 31st March 2011.

3. To fix remuneration of Head Office Joint Statutory Auditors and Branch Offices Statutory Auditors to be appointed by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act, 1956.

By order of the Board of Directors

Sd/-
(Rakesh Kumar Jain)
Company Secretary

Dated at Mumbai, this 19th day of July, 2011

Registered Office:
Express Towers, 10th floor,
Nariman Point,
Mumbai - 400 021.

Notes: 1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and to vote instead of himself and a proxy need not be a member;

Copy to:

All the Directors with a request to kindly make it convenient to attend 53rd Annual General Meeting of the Corporation as above.

Contents

BOARD OF DIRECTORS

1. Shri. Arvind Mehta,
   Joint Secretary, MOC, Chairman cum Managing Director
2. Dr. Alok Sheel, Joint Secretary, Ministry of Finance
3. Shri H R Khan,
   Executive Director (ECD), Reserve Bank of India
4. Shri K R Kamath,
   CMD, Punjab National Bank
5. Shri T. C. A. Ranganathan
   Chairman and Managing Director, Exim Bank
6. Shri Yogesh Lohiya
   Chairman and Managing Director, GIC of India
7. Shri Ramu Deora,
   President, Federation of Indian Export Organisation
8. Shri Vasant Mehta, M/s V Ramesh Chandra &co
9. Shri Harish S Bahrtia, Co-Chairman and MD M/s Jubilant Life Science LTD, New Delhi

COMPANY SECRETARY Shri Rakesh Kumar Jain

BANKERS

Bank of Baroda
Canara Bank
Corporation Bank
HDFC Bank Ltd
IDBI Bank
State Bank of India .

SOLICITORS M/s. Manilal Kher Ambalal & Co., Mumbai

JOINT STATUTORY AUDITORS

1. M/s. Lakhani & Co.
   Chartered Accountants, Mumbai
2. M/s. M.B. Agrawal & Co.
   Chartered Accountants, Mumbai

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

SENIOR EXECUTIVES

EXECUTIVE DIRECTOR

Smt. Geetha Muralidhar

GENERAL MANAGERS

1. Shri. V. Ramachandran
2. Shri. Sandeep Mukherjee
3. Shri Manoj Kumar
4. Shri Rohit Pandya
5. Shri Dharmarajan V
6. Smt. Padmavathy R
7. Shri M. Senthilnathan

DEPUTY GENERAL MANAGERS	
1.Shri M.A.Rukadikar	11. Smt.Vasantha Srinivas
2.Shri Sunil Joshi	12. Shri Deepak P. Thungare
3.Shri Ashok Phadtare	13. Shri N. Radhakrishnan
4. Smt Tapsi Dey	14. Shri Nirdosh Chopra
5.Ms Zarina Shaikh	15. Shri M. Ramakrishna
6.Shri C .N.A. Anbarasan	16. Shri Balbirsingh Maan
7.Shri P. K. Kamat	17. Shri Rajiv Manvi
8.Shri P. L. Thakur	18. Shri Shivaji Narvekar
9.Shri R. Mohan	19. Shri Uday Shetty
10.Shri P. Prasad	

TEN YEARS PERFORMACE HIGHLIGHTS

(₹ Crores)

YEAR	**2010-11**	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
VALUE OF BUSINESS COVERED										
Standard Policies & Transfer ECIB	**92884.17**	85643.45	68866.35	52766.57	50420.60	37421.57	35695.59	28117.00	26411.00	23530.00
Policies - Project & Term Exports	**3781.34**	3992.85	2443.49	1564.46	1228.74	1510.14	1614.06	1720.00	737.00	360.00
Factoring	**0**	0	0	0	84.43	168.62	291.42	223.00	47.00	0.00
ECIB - Short Term Exports	**331758.29**	271273.95	261731.51	182766.16	375260.82	396865.33	311913.73	296870.00	237084.00	157274.00
ECIB - Project & Term Exports	**3221.31**	2774.66	2411.62	2779.63	1846.21	1917.22	1408.47	1088.00	699.00	744.00
Domestic Credit Insurance to Exporters	**243.23**	43.40	4.50							
TOTAL	**431888.34**	363728.31	335457.47	239876.82	428840.80	437882.88	350923.27	328018.00	264978.00	181908.00
PREMIUM INCOME										
Standard Policies & Transfer ECIB	**332.51**	288.1	246.59	205.38	190.94	160.01	145.09	118.62	110.66	101.02
Policies - Project & Term Exports	**18.79**	15.22	14.69	12.61	10.17	9.96	7.45	9.16	8.91	6.76
Factoring	**0.00**	0	0	0.00	1.88	3.26	5.93	4.61	1.09	0.00
ECIB - Short Term Exports	**510.62**	486.78	464.18	429.76	396.69	388.42	344.24	302.47	245.37	224.97
ECIB - Project & Term Exports	**22.42**	21.57	19.1	20.62	17.98	15.83	12.83	10.62	8.62	5.77
Domestic Credit Insurance to Exporters	**1.15**	1.33	0.12							
TOTAL	**885.49**	813.00	744.68	668.37	617.66	577.48	515.54	445.48	374.65	338.52

TEN YEARS PERFORMACE HIGHLIGHTS

(₹ Crores)

YEAR	**2010-11**	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
CLAIMS PAID										
Standard Policies & transfer ECIB	**160.47**	269.98	216.01	133.88	120.10	102.38	66.44	49.82	64.33	34.08
Policies - Project & Term Exports	**0.00**	0	0	0.00	0.45	10.42	1.98	4.14	0.28	0.00
Factoring	**0.00**	0	1.22	0.27	5.82	16.51	24.34	7.62	1.88	0.00
ECIB - Short Term Exports	**459.63**	371.7	234.19	285.86	245.14	257.28	257.72	387.68	370.57	440.11
ECIB - Project & Term Exports	**0.00**	0	0	0.0	0.75	0.00	1.80	0.00	0.00	12.93
DCIE	**0.43**	0.04	0	0	0	0	0	0	0	0
TOTAL	**620.53**	641.72	451.42	420.01	372.26	386.59	352.28	449.26	437.06	487.12
RECOVERIES MADE										
Standard Policies & Transfer ECIB	**8.82**	15.06	56.22	8.29	4.34	2.35	2.05	8.65	2.09	2.27
Policies - Project & Term Exports	**16.14**	6.4	0	6.06	50.01	13.46	0.00	0.09	0.53	0.00
Factoring	**0.50**	1.27	0.75	0.17	0.77	1.43	11.43	3.03	0.28	0.00
ECIB - Short Term Exports	**110.66**	110.87	151.29	133.88	151.72	107.56	58.53	50.56	36.97	23.89
ECIB - Project & Term Exports	**0.00**	0	0.32	8.65	3.36	0.45	14.46	0.60	23.54	0.60
TOTAL	**136.12**	133.60	208.58	157.05	210.20	125.25	86.47	62.93	63.41	26.76

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Director's Report

Directors Report 2010-11

Report of the Board of Directors of Export Credit Guarantee Corporation of India Limited, under section 217 of the Companies act, 1956

The Board of Directors of your company has the pleasure of presenting its 53rd Annual Report of your Company together with the 'Management Discussion and Analysis', the Corporate Governance Report and the Audited Financial Accounts consisting the Balance Sheet as at 31st March 2011 and the Profit & Loss Account and Cash Flow Statement for the year 2010-11.

Financial Highlights

Your company's financial highlights for the period under review are given in TABLE 1.

Table 1 - FINANCIAL HIGHLIGHTS			
			[Rupees Crore]
As at the year-end	**2009-10**	**2010-11**	**Year on Year Change (%)**
Capital	900.00	900.00	-
Reserves & Surplus	1,027.38	1,082.71	5.38
Other Liabilities	0.27	-	-100.00
Fair value Change Account	31.56	79.51	151.93
Total Liabilities	**1,959.21**	**2,062.22**	5.25
Current Assets	(816.94)	(1248.58)	52.76
Investments	2620.46	3163.56	20.72
Fixed & other assets	155.70	147.24	-5.44
Total Assets	**1,959.21**	**2,062.22**	5.25
For the Period:	**2009-10**	**2010-11**	
Total Income from operations	696.07	820.96	17.94
Total operating Exp. including claims	747.21	899.38	20.36
Premium Deficiency	48.19	(48.19)	-200.00
Operating Profit	(99.34)	(30.23)	-64.54
Investments & other Income [net of provisions]	164.81	147.85	-10.30
Profit Before Tax (PBT)	65.47	117.62	79.65
Provision for Tax	11.74	31.96	172.23
Profit After Tax (PAT)	53.73	85.66	59.42

Due to growth of more than 17 per cent in investments during the year, total assets of your company expanded by 5.26 per cent in 2010-11 over the previous year, from Rs.1959.21 crores to Rs.2062.22 Crores. Consequent upon your company coming under the regulatory regime of the Insurance Regulatory and Development Authority (IRDA), a conscious effort is continued to be made to gradually shift from bank deposits to investment opportunities which as such are in conformity with the relevant regulatory provisions. However, it has been achieved with regard to investments required to be made in directed sector.

Class-Wise Performance Summary

(Rupees Crores)

		Policy	ECIB	Project	Total
Gross Direct Premium	(2009-10)	289.42	486.78	36.79	812.99
	(2010-11)	333.66	510.58	41.23	885.47
Growth over Previous Year	(%)	15.28	4.88	12.06	8.91
Reinsurance Premium Ceded	(2009-10)	76.40	156.60	1.21	234.21
	(2010-11)	46.08	66.10	2.34	114.52
Net Premium	(2009-10)	213.02	330.17	35.58	578.77
	(2010-11)	287.58	444.48	38.89	770.95
Increase over previous year	(%)	35.00	34.62	9.30	33.20
Net Premium to Gross Premium	(%)	86.18	87.05	94.32	87.06
Increase in Unexpired Risk Reserve	(2009-10)	12.59	-10.71	0.9	2.78
	(2010-11)	37.27	57.15	1.66	96.08
Unexpired Risk Reserve to Net Premium	(%)	12.95	12.85	4.26	12.46
Net Earned Premium	(2009-10)	200.43	340.88	34.68	575.99
	(2010-11)	250.31	387.33	37.22	674.86
Net Incurred Claims	(2009-10)	256.3	458.18	(39.31)	675.17

	(2010-11)	(43.42)	778.42	22.44	757.44
Net Incurred Claims to Net Earned Premium	(%)	-17.35	200.97	171.42	112.23
Net Commission	(2009-10)	-9.19	-22.26	-0.12	-31.57
	(2010-11)	-1.74	-7.49	-0.3	-9.53
Net Commission to Net Earned Premium	(%)	-0.69	-1.93	-0.80	-1.41
Operating Expenses	(2009-10)	36.88	62.03	4.69	103.60
	(2010-11)	57.08	87.34	7.05	151.47
Operating Expenses to Net Earned Premium	(%)	22.80	22.55	18.94	22.44
Underwriting Results	(2009-10)	-83.56	-157.07	69.42	-171.21
	(2010-11)	238.39	-470.94	8.05	-224.50
U. writing Results to Net Earned Premium	(%)	95.23	-121.55	21.62	-33.26
Investment Income	(2009-10)	98.76	166.1	12.55	277.41
	(2010-11)	105.57	161.55	13.05	280.17
Investment Income to Net Earned Premium	(%)	42.17	41.69	35.05	41.51
Misc Income	(2009-10)	2.48	4.66	0.34	7.48
	(2010-11)	5.18	7.93	0.64	13.75
Reserve for Premium Deficiency	(2009-10)	14.46	33.74	-	48.20
	(2010-11)	-14.46	-33.74	-	-48.20
Surplus / (Deficit)	(2009-10)	3.22	-20.05	82.31	65.48
	(2010-11)	363.60	-267.71	21.74	117.63

Operating Expenses, Investment income and Misc. Income are apportioned on the basis of Gross Premium Income.

Profit and Appropriations

During the period April 2010 to March 2011, total income from operations was at Rs.820.96crores being 15.64% more than the same for Rs.709.92 crores in the previous year. This coupled with reduced level of ceded business under reinsurance, resulted in the decline of Operating loss from Rs.85.48 crores in 2009-10 to Rs 30.23 crores during year under review even though incurred claims increased by more than Rs.82 crores during 2010-11. Your company closed the year under review with Profit before Tax (PBT) at Rs.117.63 crore as against a PBT of Rs.65.48 crores in the previous year, registering a year on year (YoY) growth of 79.63 per cent. After providing Rs.31.97 crores for tax and prior period adjustments, Profit after Tax (PAT) available for appropriation was Rs.85.66 crores (Rs.53.73 crores in the previous year). Appropriation of PAT as approved by the Board of Directors is furnished in TABLE 3 given below.

[Rs. crore]

Table 3 - APPROPRIATION OF PROFITS

Particulars	**2009-10**	**2010-11**
Net Profit/ (Loss) for the year	53.73	85.66
Balance of Profit / Loss B/F from previous year	0.02	0.02
Profit available for appropriation	53.75	85.68
APPROPRIATIONS		
Interim Dividend Paid during the year	00.00	00.00
Proposed Final Dividend	10.75	26.10
Dividend Distribution Tax on Interim Dividend Paid	00.00	0.00
Dividend Distribution Tax on Final Dividend	1.83	4.23
Transfer to General Reserve	41.16	55.34
Balance carried forward to Balance Sheet	0.02	0.01

Dividend

In view of the improved results returned by the company for the year, your Directors are pleased to recommend a final dividend of Rs.2.90 per equity share on the total nine crore equity shares of Rs.100 each. The final dividend together with the dividend distribution tax thereon amounted to Rs.30.33 crores representing a pay-out ratio of 41.14 per cent of the year's net profit (after tax) of Rs.85.66 crores.

Solvency Margin

	2009-10	**2010-11**
Required Solvency Margin (RSM) under Regulations	135.64	227.3
Available Solvency Margin (ASM) (Rs. In Crores)	1922.42	2056.55
Solvency Ratio (Total ASM / RSM)	14.17	9.05

Though there was a sizeable decline in the Solvency Ratio for 2010-11 over the previous year, the available solvency margin is still 9.05 times the solvency margin required under the IRDA Regulations.

Expenses of Management

The statutory limitations in pursuance of the provisions under section 40C of the Insurance Act, 1938 read with the relevant rules on management expenses including commission or remuneration for procuring business as a percentage of the gross premium income and the actual expenses incurred by the company during the year were as follows:

Expenses of Management (in per cent)

Years	Regulatory Norm	Company's Actuals
2009-10	20.01	13.70
2010-11	20.01	16.20

Share Capital

As of 31st March 2011, the Corporation's equity base, comprising of a paid-up capital of Rs.900 crores and Reserve and surplus of Rs.1162.22 crores, was at Rs.2062.22 crores.

Maximum Liability

The Maximum Liability approved by the Government of India under Article 72(b) of the Articles of Association of the company to meet the growing business needs of the company is Rs.1,00,000Crores.

National Export Insurance Account [NEIA]

The National Export Insurance Account is a Government of India initiative for the purpose of supporting medium & long term exports from the country. NEIA Trust was set up in 2006 with an initial corpus of Rs. 66 crores followed by remittances of Rs.820 crores thereafter. With an amount of Rs.150 crores received during the year under review, the total amount of the Fund's corpus is Rs. 886 crores.

Your company is the designated agency for administering and managing the NEIA Trust Fund and its schemes under directions from the Committee of Directions (COD), Govt. of India. As on 31.03.2011, total value of the Trust's funds, comprising of the corpus, premium earned on credit insurance covers supported under the scheme, and accrued interest on funds deposited stood at Rs. 1134.21 crores. During the year, three proposals for aggregate project value of Rs. 1955 crores were approved under NEIA and suitable covers were offered to the clients. As on 31.03.2011, two covers with maximum liability of Rs. 177.22 crores were in force.

Govt. of India allowed withdrawal of NEIA funds towards additional 5/10 per cent additional claim compensation to exporters / banks covered under ECGC Policy/ ECIB schemes on account of stimulus package for MSME exporters and other exporters of specified labour intensive commodities, announced by it. Your company paid out 243 additional Policy claims aggregating to Rs. 3.86 Crore to MSME and non MSME exporters under the said package up to 31.03.2011. Additional claims of banks thereunder are in process.

Board of Directors

Export Credit Guarantee Corporation of India Limited is a Government company fully owned by the Government of India. The general 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 are non-executive part-time Directors. All appointments to the Board, including that of the Chairman-cum-Managing Director are by the Central Government.

During the period after the last report of the Directors to the Shareholders in July 2010, three part-time Directors on the Board, namely, Shri A. Sakthivel, President FIEO, Shri A V Muralidharan, Chairman-cum-Managing Director and Shri Anand Sinha, Executive Director, Reserve Bank of India vacated their respective positions as full/ part-time Directors on the Board of your Company. The Board of Directors places on record its deep appreciation and gratitude to each one of them for their invaluable contributions and able guidance during their tenures as members of the Board of Directors of your company.

Four part-time Directors, namely, Shri T C A Ranganathan, Chairman and Managing Director, Export Import Bank of India, Shri K R Kamath, Chairman cum Managing Director, Punjab National Bank, Shri Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Life Sciences Limited, Shri Vasant Mehta, Managing Partner, M/s V. Rameshchandra & Co., Shri Ramu S Deora, President, Federation of Indian Export Organisations and Shri H R Khan, Executive Director, Reserve Bank of India were inducted to the Board of Directors vice Shri T C Venkat Subramanian, Shri A Sakthivel and Shri Anand Sinha respectively. On retirement of Shri A V Muralidharan, CMD on attaining his superannuation on 28.02.2011 Shri Arvind Mehta, Joint Secretary, Ministry of Commerce & Industry, Govt. of India was given additional charge of CMD of the company w.e.f. 1st March, 2011. The Board extends a hearty welcome to each of them.

As on the date of this report, five positions of part-time Directors on the Board continue to remain vacant. Your Company is relentlessly pursuing the matter of filling up these vacancies with the Government of India.

Memorandum of Understanding (MOU) with Government of India

Though the global economic crisis impacted the financial position of your company wherein the inflow and value of claims paid increased considerably for the second consecutive year, the performance of your company had improved during the year under review under the MOU. Based on the results the target achievement of your company as per MOU is expected to be rated as “Very Good” for the year 2010-11.

Presidential Directives

During the year under review the Company did not receive any Presidential Directive in pursuance of Article 86 of the Articles of Association of the Corporation.

Placing of Annual Reports before the Parliament

The Ministry of Commerce and Industry has confirmed that the Annual Report of the Company for the year 2009-10 alongwith the Directors’ Report to the Shareholders were placed before both the houses of Parliament, the Lok Sabha and Rajya Sabha on 13th December 2010 and 9th March 2011 respectively in compliance with the requirements under section 619A read with section 619B of the Companies Act, 1956.

Particulars of Employees

There were no personnel in the service of the company for the whole year or for any part of the year the particulars in respect of whom attracted the provisions under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Grievance Redressal

Your company has established a Grievance Cell at the head office headed by the General Manager. Grievance Cell redresses grievances of its customers within shortest possible time. Head office Claims Committee also reviews the representations made by customers on rejection of their claims to avoid litigations.

The proposal to set up Policyholders Protection Committee as per IRDA Corporate Governance norms was approved and is in the process of implementation. The committee would take up all the grievances of the customers. The approved proposal strives to ensure that the grievances are attended to promptly and decided in a just manner without any bearing on the earlier decisions on the subject.

IRDA further implemented centralized Integrated Grievance Management System (IGMS) which enables the customers to log on to the centralized system and lodge their grievance complaint. IRDA system can be logged on not only by the customers but also the Insurance Companies. The grievance disposals are to be entered in the centralized system by the companies. This will enable your company to effectively monitor the grievance disposals and provide transparency in the grievance disposals.

During the year under review, your company disposed off 318 grievance applications.

Conservation of Energy, Technology Absorption

The provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988 relating to Conservation of energy or Technology Absorption are not applicable to the company being it is not engaged in any manufacturing activity.

Foreign Exchange Earnings & outgo

Foreign exchange earning of the company during the year under review was Rs. 870.81 lacs (previous year Rs.934.25 lacs) while foreign exchange outgo during the same period was Rs.341.18 lacs (previous year Rs. 249.50 lacs) which included Rs.17.37 lacs (previous year Rs 30.92 lacs) on travel overseas.

Auditors' Report

Messrs. Lakhani & Co., Chartered Accountants and Messrs. M. B. Agrawal & Co., Chartered Accountants were the Joint Statutory Auditors appointed by the Comptroller and Auditor General of India to audit the head office accounts and consolidated accounts of the company for the year under review. The Auditors retire every year and are eligible for re-appointment. The Report of the Auditors to Shareholders and our detailed explanations and clarifications to the qualifications, reservations, comments and observations, if any, therein are appended to the audited financial statements.

Comments by Comptroller & Auditor General of India

In pursuance of Section 619[4] of the Companies Act, 1956 the Principal Director of Commercial Audit & Ex-Officio Member, Audit Board-1 has, on behalf of the Comptroller and Auditor General of India, issued a certificate of **NIL** comments to the company for the year ended March 31, 2011. A copy of the certificate is appended to the audited financial statements.

Corporate Governance

Your company is committed to adopting the best practices relating to corporate governance. The company believes that proper corporate governance goes beyond mere compliance requirements. A detailed report on your company's corporate governance practices are given separately in this Annual Report.

Directors Responsibility Statement

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors subscribe to the Directors' Responsibility Statement and confirm that –

(a) The company has, 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 judgements 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, 2011 and of the profit of the company for the year ended March 31, 2011;

(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, 1956 for safeguarding the assets of the company and preventing and detecting fraud and other irregularities; and that

(d) The Directors have prepared the annual accounts of the company on a 'going concern' basis.

Acknowledgement

The Board of Directors places on record its gratitude to the Department of Commerce, Ministry of Commerce & Industry, Government of India for its continued support and guidance to the company and keen interest in the affairs and growth of the company. The Board of Directors also places on record its thanks to the Berne Union fraternity, the exporting community, Reserve Bank of India, Insurance Regulatory & Development Authority (IRDA), the Comptroller & Auditor General of India, Reserve Bank of India, Export Import Bank of India, commercial banks, General Insurance Corporation of India and other public sector general insurance companies, financial institutions, Export Promotion Councils, Commodity Boards, FIEO, FICCI, CII, ASSOCHAM, Chambers of Commerce and Industry, trade bodies, various other organisations of exporters and the media for their continued support and cooperation. The Board of Directors greatly

appreciates the assistance and cooperation of the Indian Embassies, High Commissions and Trade Missions abroad.

The Board of Directors also places on record its deep appreciation for the officers and employees of the company for displaying a high level of commitment, new initiatives and dedication to their work in pursuit of business growth of the Corporation.

Place: Delhi

Date: 27th July, 2011

For and on behalf of the Board of Directors

Arvind Mehta
Chairman-cum-Managing Director

Annexure - I

REPRESENTATION OF SCs/ STs/ OBCs IN THE SERVICES OF THE CORPORATION'S WORKFORCE AS ON 31.03.2011

Group	Percentage of Total Workforce		
	SCs	STs	OBCs
A	15	4	5
B	15	5	14
C	45	11	3
D	33	Nil	7
Total %	17	5	10

Annexure - II

Representaion of Persons with Disabilities in the Services of the Corporation as on 31.03.2011

Group	No. of Disabled Persons			Total
	VH	HH	OH	VH+HI+OH
A	0	0	1	1
B	2	0	4	6
C	1	0	2	3
D	1	0	0	0
Total	4	0	7	11

VH Visually Handicapped
HH Hearing Handicapped
OH Orthopaedically Handicapped

Statement showing the number of reserved vacancies filled by members of scheduled castes, Scheduled tribes and other backwards class during the year 01.01.2010 to 31.12.2010

Annexure III

(A) Posts filled by Direct Recruitment

Class of Post	Total No of Vacancies				No. of vacancies reserved						No.of SC/ST/OBC candidates appointed			No. of SC/ST/OBC vacancies carried forward from previous years(in such cases where dereservation is permitted)			No. of ST candidates appointed against SC reservation & No.of SC candidates appointed against ST reservation in the said year of carry forward (in such cases where dereservation is permitted)			No. of reservations lapsed after carrying forward for 3 recruitment years (in such cases where dereservation is permitted)			No.of reserved vacancies carried forward as backlog to next year		
	Backing Vacancies		Current Vacancies		Out of Col (4)			Out of Col (5)																	
	Notified	Filled	Notified	Filled	SC	ST	OBC	SC	ST	OBC	SC	ST	OBC	SC	ST	OBC	SC	ST	OBC	SC	ST	OBC	SC	ST	OBC
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
CLASS I Group (A)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CLASS II Group (B)	0	0	1	1	0	0	1	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
CLASS III Group (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CLASS IV Group (D)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Statement showing the number of reserved vacancies filled by members of scheduled castes, scheduled tribes and other backward class during the

Annexure IV

(B) Posts filled by promotion (01.01.2010 to 31.12.2010)

Class of Posts	Total Number of Vacancies		No.of Vacancies Out of Co (2)		Reserved for SC/ST Out of Co.(3)		No.of SC/ST Candidates promoted		No.of SC/STs vacancies carried forward from the previous years		No.of STs promoted against vacancies reserved for SCs in the third year of carry forward and vice versa		No.of reservations lapsed after carrying forward for 3 years		No.of vacancies carried forward to next year	
	Notified	Filled	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST	SC	ST
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CLASS I Group (A)	3	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CLASS II Group (B)	11	11	5	2	5	2	5	2	4	1	0	0	0	0	0	0
CLASS III Group (C)	5	5	0	0	0	0	3	0	0	0	0	0	0	0	0	0
CLASS IV Group (D)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Management Discussion and Analysis

Macroeconomic Environment Overview

Global Economy Outlook

The global economic recovery is broadly on track. However, uncertainty remains with significant sovereign and banking sector default risks prevailing in certain parts of Europe, particularly Greece, and the political unrest prevailing in certain African and Arabian countries like Libya, Sudan and Yemen. Though unemployment rates have begun to fall in United States and Germany and risk of double dip recession has receded, yet stagnant real estate markets, possibility of contagion risk from peripheral European countries, drop in confidence about fiscal sustainability, and rising commodity prices are likely to have negative impact on the outlook for the year 2011. IMF, in April 2011, has projected the world real GDP growth to slow down modestly to 4.4 per cent in 2011 from 5 per cent in 2010. The key downside risk to global growth relates to the potential threat of oil prices to rise further because of supply disruptions.

World Output & inflation

Year 2010 witnessed revival in economic activity and trade expansion after a depressed level of world output in 2009. World GDP grew at a rate of 5.1% in 2010 after a contraction of 0.5% in 2009 caused by financial crisis and global depression. Developed economies grew at a rate of 3.0% in 2010 after falling 3.4% in the previous year, while the rest of the world (including developing economies and the CIS countries) grew 7.4%, up from 2.8% in 2009. GDP grew faster in developing Asia (9.6%) than in other developing regions last year, with India and China registering strong growth of 10.4% and 10.3%, respectively (contributing nearly one-fourth of the incremental world output). South and Central America grew at 6.1%, driven by Brazil's strong 7.5% upturn. Africa had the fastest average rate of GDP growth of any region over the last 5 years (4.7% between 2005 and 2010).

Global inflation risks have risen significantly in the first quarter of 2011, both in emerging and advanced economies. Inflation in several emerging markets, especially in Asia, is now running above trend. As a result, central banks of several emerging markets significantly tightened monetary policy. Besides India, these include China, Brazil, Israel, Thailand and Korea.

World Trade

According to WTO, the volume of exports surged at a rate of 14.5% in 2010, fastest on record since 1950. Trade returned to the 2008 peak level and normal rates of expansion after a slump of 12% in 2009. The recovery was facilitated by spread of global supply chains and the product composition of trade compared to output. The goods that were most affected by the downturn (consumer durables, industrial machinery, etc.) have a larger share in world trade than in world GDP. Developed economies recorded export growth of nearly 13% in 2010, compared to a 16.5% average increase in the rest of the world. China's exports increased in 2010 by an impressive 28% in volume terms. Asia's exports of goods were worth $4.69 trillion (32% of world) in 2010, a 31% increase over 2009. The region's imports totalled $4.50 trillion (30% of world), up 32% from 2009. Asia exhibited the fastest real export growth of any region in 2010 with a jump of 23.1%, led by China and Japan, whose shipments to the rest of the world each rose roughly 28%. Meanwhile, the United States and the European Union saw their exports growing more slowly at 15.4% and 11.4%, respectively. Imports of developed economies grew more slowly than exports last year (10.7% compared to 12.9%) while developing economies plus the CIS countries saw the opposite happen.

Indian Economy & Exports

Short term objective of India's Foreign Trade Policy (FTP) 2010-11 was to arrest and reverse the trend of decline in exports and to provide additional support to those sectors that had been badly hit by the great recession. It used a mix of Policy initiatives including improvement in exports of infrastructure & logistics, fiscal incentives, reduction in transaction cost, and diversification of export markets. As a result, India's exports surged by 37.5% to reach all time high of USD 246 bn as against original target of USD 200 bn. The strong growth was driven by higher exports to Latin America (over 64 % growths) and Africa (over 50%). Exports to the traditional markets of EU & USA grew by 22% and 26% respectively. Highest growth of 84 % was recorded in exports of engineering goods followed by petroleum products (50%). Other sectors that performed well include gems & jewellery, textiles, electronics, chemicals, and drugs & pharmaceuticals. Indian exports contributed about 14 % to the country's GDP in the year 2010-11. On the other hand, Indian imports rose by only 21 % to reach USD 350 bn with highest growth of 72 % in gems & jewellery followed by iron & steel (27%). Thus trade deficit for the year 2010-11 was approx. USD 105 bn.

The thrust on new markets is continued in the annual Exim Policy announced by Govt. of India for the financial year 2011-12. Mid term target of the Exim Policy is to double the country's merchandise exports in Dollar terms over the next three years, that is, to reach exports of USD 450 bn in the financial year 2013-14. To achieve this target, exports have to grow at compounded average growth of 26 % per annum. Going by the current trend, Indian imports, on the other hand, are projected to grow to USD 660 bn in the year 2013-14. Thus the current trade deficit of 7.2 % of the GDP is expected to further go up to about 12.5 % in the financial year 2013-14.

Export Stimulus package

As mentioned in the last Annual Report of the Company, the Govt. of India, as a part of its overall export stimulus package, had authorized ECGC to make additional claim compensation of 5 % under its Export Credit Insurance Policies to exporters of specified labour intensive commodities in respect of shipments made by them during the period from 01.01.09 to 30.06.10. Similar support (additional claim of 10%) was provided for banks in respect of the finance given for such exports during the same period under ECIB cover. In respect of MSME export sector, irrespective of commodity, such additional loss indemnification is available from National Export Interest Account (NEIA). Your Company is pleased to inform that it paid out 243 additional claims amounting to Rs.386.58 lakhs under its Policies to exporters as at the end of March, 2011. Similar claims of banks are under process.

[Figures within parenthesis in this section denote the corresponding figures for the previous year]

Short Term Export Credit Insurance Policies

There were 13093 (13429) Short Term (ST) export credit insurance policies in force, including transfer guarantees, as at the end of the year 2010-11. Premium income earned on ST policies during the year was Rs.332.51 Crores (Rs.289.37 Crores) registering a growth of 14.90 per cent as against a robust growth of 37.5 per cent in dollar terms in country's exports during the year under review. Claims paid under Short Term Credit Insurance Policies at Rs.160.47 Crores (Rs.269.98 Crores) were lower by 40.56 per cent over the amount paid in the previous year.

There were 13429 (13350) Short Term (ST) export credit insurance policies in force, including transfer guarantees, as at the end of the year 2009-10. Premium income earned on ST policies during the year was Rs.289.37 Crores (Rs.246.53 Crores) recording a growth of 17.37 per cent as against a nominal growth of just 0.65 per cent in rupee terms corresponding to a negative growth of 4.7 per cent in dollar terms in country's exports during the said year . Claims paid under Short Term Credit Insurance Policies at Rs.269.98 Crores (Rs.216.01 Crores) witnessed an increase of about 25 percent over the previous year.

Domestic Credit Insurance for Exporters

The company continued to offer this product, launched in February 2009, though on a low key during the period under review. As at the end of the year 2010-11, there were 6 covers in force as against 12 covers in the last year. Premium income earned during the year was Rs.1.15 Crores (Rs.1.33 Crores) recording a decline of 13.53 per cent over the last year. Claims paid under the Domestic Credit Insurance for exporters stood at 0.43 Crores during 2010-11 (Rs.0.04 Crores).

Customer-Specific Covers

During the financial year 2010-11, out of the 130 requests received from large value clients for issue of customer specific covers, 106 nos. were accepted either wholly or partially, while 24 nos. had to be declined. 78 Customer Specific Policies were issued with premium commitment of Rs. 27.17 crores. 26 of the clients did not accept the modified offers made by ECGC while 4 cases were still under negotiation. Claims were settled for Rs.16.67 crores.

Customer Specific Policies tailor-made to meet the specific requirements of large value exporters is receiving enthusiastic response from the target group of exporters and the number of such covers issued so far, is showing healthy growth since its introduction.

New products

In the year 2010-11, your company in association with Exim Bank introduced a new product viz “Buyer’s Credit Cover” under NEIA Scheme with a view to promoting project/ capital goods exports to certain developing countries and focus markets on deferred payment terms. This scheme was formally launched by Union Minister of Commerce & Industry, H’ble Sh. Anand Sharma in a well attended function at New Delhi on 06.04.2011. Under this scheme, Exim Bank will provide Buyer’s Credit facility to the Indian exporter and your company will provide back to back credit protection to Exim Bank. It is expected that the scheme will benefit a large number of project/ capital goods exporters from India. The risk under the scheme will be underwritten under National Export Interest Account (NEIA) being operated by ECGC on behalf of the Government of India.

Short Term Export Credit Insurance to Banks (ECIB Covers)

During the year 2010-11, your company earned a premium income of Rs.510.58 crore (Rs.487.10 crore) registering a growth of 4.82 per cent over the previous year. This accounted for 57.66 % percent of the total premium income of the Corporation for the year under review from all the sectors put together. It is learnt that the total export credit disbursements by the banking system had gone up by 17.67 percent during the year while the outstanding balances in accounts had gone up by 20.37 per cent. As regards the banks covered by your company, the corresponding trends were (-) 1.89 percent and 20.64 percent of growth in credit disbursements and outstanding balances respectively.

Claims paid to banks under ECIB covers during the year at Rs. 459.63 crore (Rs.371.70 crore) were 23.66 percent higher over the amount paid in the previous year. Out of the total claims admitted during the year, the indemnification on account of loss suffered by banks for gem & jewellery sector financing alone accounted for Rs. 271.53 crores constituting 59.08 per cent of the total claims admitted under ECIB covers during the year.

The amount received by your company from insured banks as its share in recoveries against claims paid under ECIB was almost at last year's level at Rs. 110.65 crore (Rs.110.87 crore).

Medium and Long Term Business

The premium income from the Medium and Long Terms (MLT) business for the year under review was Rs. 41.23 crores as against Rs. 36.90 crores in the previous year, registering a growth of 11.68 percent. No claims were paid during the period and no recovery was made during the year on account of claims paid in the past.

During the year, 35 credit insurance policies were issued to MLT project exporters covering political/comprehensive risks on various projects undertaken by them. Major sectors covered were Infrastructure projects including roads, railways and housing construction. Two policies were issued during the year with Maximum Liability of more than Rs.100 crore. Housing project by Messers Gannon Dunkerley & Co Ltd, Mumbai for the Organization for Development of Administrative Centres (ODAC), Libya worth Rs. 3,888 crores was underwritten by your company for covering comprehensive Risks. The number of Export cover issued to Banks (ECIB) during the year was 160.

Export Factoring Business

During the year under review, invoices valued at Rs 8.09 Lacs were factored. An amount of Rs 6.88Lacs was released as pre-finance. Gross Income under the scheme was Rs 0.60 Lacs and the net income before making provisions for the year was Rs 0.11Lacs .The non-availability of suitable credit lines from leading import factors in USA, due to global meltdown, has made your company to scale down its operation in this segment and there were no agreements in force at the end of the year. When the market situation improves, your company can consider re-commencement in this segment of business.

Investments

During the current year 2010-2011, company's investments as on 31st March, 2011 as per IRDA Regulations in mandatory sector which includes investments in Central Government Securities, State Government Securities, Other Approved Securities, Housing Sector and Infra Sector stood at Rs.2352.51 crores representing 59.45 percent (previous year 58.99

percent) of the Investment Corpus as against a minimum of 45 percent mandated under the regulatory norms.

The size of your company's investment portfolio has gone up from Rs. 3369.75 crores as at 31st March, 2010 to Rs. 3956.84 crores as at 31st March, 2011 registering a growth of 17.42 percent over the previous year (previous year 9.53 percent).

Investment income for the year ended 31st March, 2011 was Rs. 280.17 crores as against Rs. 277.41 crores for the previous year. The weighted average yield for the year ended 31st March, 2011 was 7.78 percent as against 8.41 percent for the previous year. Despite the drop in yield the investment income has increased by Rs. 2.76 crores, mainly due to profit on sale of equity shares of Rs. 6.74 crores made during the year. The drop in yield has to be viewed in the backdrop of falling interest rate regime and the conscious efforts made by your company over the last three years for making investments in sovereign securities so as to comply with the relevant regulatory requirements mandated by the Insurance Regulatory and Development Authority (IRDA) Regulations.

Buyer Underwriting

As the global economic recovery remained multi-speed, growth in both advanced economies and emerging/developing economies outpaced initial expectations. This raises hope for sustained, though moderately paced global recovery during 2011. Word Trade expanded by 12 per cent in 2010. World imports are back to pre-crisis trends, but those of advanced economies continue to lag. Japan's disaster is likely to have some impact on East Asian Economies before a reconstruction-led recovery starts. Under this encouraging economic scenario by continuing to adopt stringent underwriting techniques, your company played a leading role in supporting exporters to face the international market boldly. In its commercial risk assessment, Buyer Underwriting Department of your company makes a detailed analysis of the buyer's credentials. The risk assessment is based on the counter-party's country, sector, an analysis of its operations, ownership structure, repayment capacity, market position and financial position as well as the value of securities available. A credit report is called for with audited annual reports/financial statements, budget figures, forecasts. A vast collection of detailed information with regard to the buyer including the payment realization experience is analyzed before your company take a decision to underwrite the risks on a buyer. For such purpose detailed information about foreign buyers are also called from the exporters and banks. The buyer's risk assessment is an important component of buyer underwriting in your company, as the underwriting risk coverage of buyers in this Department directly impacts the extent of our coverage of India's exports to various countries, as envisaged by Ministry of Commerce.

Underwriting policy which was adopted earlier in certain segments such as Gems and Jewellery particularly for the countries such as USA, UAE (mainly Dubai) and Hong Kong, was continued and however, in view of encouraging trends in world economic scenario during the year under review a few relaxations were made in the underwriting policies adopted in the wake of recession. However, in general during the year too, the tightened underwriting procedures which were introduced earlier, were required to be continued like insisting on the latest financial data on buyers for high value accounts, insistence on spread of risk instead of single buyer/specific cover in certain countries like USA, UAE and certain commodity sectors such as Diamonds and Gold Jewellery. A system of continuous monitoring of overall limits of Rs.5-Crores and above on a periodical basis was introduced. Due to the restrictions in place for few countries and commodities, and our policy on insistence of adequate spread of risk the number of credit limit applications received was less at 38359, as against 40006 received in the previous year. During the period the aggregate amount of exposure undertaken by the company by fixing over-all Limits on the foreign buyers has come down to Rs.26111 Crores as against Rs.28366 Crores in the previous year. The number of new buyers added to our record during the year was 18087 as against the previous year's addition of 18967. Your Company is also undertaking the assessment of domestic buyers for sanctioning of limits under the domestic credit insurance scheme.

COUNTRY UNDERWRITING

Country Underwriting Department (CUD) of your company is responsible for devising underwriting policy on countries. It has an in-house Country Risk Rating Methodology (CRRM) to rate the risk profile of countries for the purpose of premium calculation and determining type of cover and terms of cover. Over the years constant efforts have been made to extend a liberal underwriting policy based on the first-rate experience of the

Corporation and our policy-holders but without compromising on the independent objective risk assessment of countries.

During the year 2010-11, underwriting policy on the following countries were revised:

I. Cuba - removed from Group ‘C1’, RCC-II (Restricted Cover category- II) and placed in Group ‘B2’, RCC-I (Restricted Cover category- I).

II. Sri Lanka - upgraded from Group ‘B1’ Open Cover to Group ‘A2’ Open Cover.

III. Egypt, Tunisia and Yemen - removed from Open Cover and placed in Restricted Cover-I (RCC-I).

The summary of country classification as on 31.03.2011 was as follows:

A1	A2	B1	B2	C1	C2	D
52	40	36	34	47	19	09

Out of 237 countries in the classification list, 201 countries were placed in ‘Open Cover’ while 24 were in ‘Restricted Cover’ Category – I (where revolving limits are approved normally valid for one year) and 12 in ‘Restricted Cover’ Category – II (where specific approval will be given on a case to case basis).

Reinsurance

During the year under review your company could cede only 10 percent of its entire business including Medium and Long Term (MLT) business, under obligatory reinsurance with the national reinsurer, GIC Re. The proportionate reinsurance treaty and the Excess of Loss covers could not be finalised by the company for the year under review (in the previous year, 10 percent of entire business including MLT business under obligatory cession and in addition 15% of Short Term business under quota share was ceded to reinsurers. The company could conclude an Excess of Loss reinsurance treaty also for large risks under Short Term business). For year 2011-12, your company has finalised the reinsurance cover to the extent of 13 percent from Indian reinsurers (10 percent with GIC Re and 1 percent each with New India Assurance Company, Oriental Insurance Company and United India Insurance Company) for the short term policies and short term ECIB covers in addition to the obligatory 10 percent reinsurance cover from GIC Re for the entire business including

Medium and Long Term covers along with the Excess of Loss arrangement for the losses beyond Rs.20 Crores up to Rs.80 Crores under short term polices and Rs.40 Crores up to Rs.640 Crores under short term ECIB covers.

Recovery of Blocked Funds

In terms of the tripartite agreement concluded among Government of Uganda, Government of India and your company in 2005 for recovery of the outstanding dues aggregating to USD 50.63 million, half yearly instalments up to February 2011 for a total amount of USD 37.81 million had already been received. The balance of USD 12.82 million is due in eight equated half yearly instalments, the last of which shall be due in February 2015.

During the period under review, your company could recover USD 2.195 million equivalent to Rs.9.94crores from Iraq pertaining to the shipments of cycles and cycle parts exported by Messers Road Master Industries Limited, Rajpura, Punjab during 1988-89 and 1989-90 against the letters of credit opened by Rafidian Bank, Baghdad and confirmed by Central Bank of Iraq. The amount was received from Price Water House Coppers, London who were appointed as official liquidators for the assets of Rafidian Bank, UK. This recovery was against an amount of Rs.11.32 Crores paid as claim to Messers Road Master Industries Limited under the policy.

Your company is also taking efforts for recovery of funds remaining and due for recovery from other African countries.

Information Technology

As stated in the previous year's report, your company had appointed a 'System Integrator (SI)' to provide an end-to-end IT solution including development and customization of integrated application software, procurement of hardware, procurement of systems software licenses, setting up production sites at the co-hosted Commercial Data Centres and management of the ECGC's IT infrastructure for a total period of eight years.

During the year, an elaborate exercise of drawing up 'System Requirements Specifications (SRS)' documents was completed by the System Integrator with active involvement of the IT team and ‘Subject Matter Experts’ from the company. SI has already initiated the next phase of system design and development with the help of their partners who will be providing various application software components.

SI has finalized ‘Data Centre (DC)’ and ‘Near Data Centre (NDC)’ arrangements in Commercial Data Centres located in Navi Mumbai and has also delivered the necessary hardware which are being installed by the OEMs.

Along with the project activities entrusted to the SI, the company has to take care of the other arrangements such as Data Centre inter-connectivity, Payment Gateway, SMS Gateway and Escrow arrangement for the customized third party software.

The IT Program would be implemented in two phases. In the first phase which is expected to be over in October 2011, all the core functions of underwriting, premium adjustment, claims and recoveries under short term and medium & long term covers along with the required interfaces from support functions like HR and Accounts will go on-line at all locations. In the second phase which is expected to be completed by January 2012, remaining part of the functions of HR and Accounts and other support functions like Administration, RTI, Grievance, MOU, Marketing, Legal and ISO will get implemented.

The project is being monitored by a Steering Committee comprising of senior officials from the company and the System Integrator. The progress is reviewed by the company’s Board of Directors in their quarterly meetings. An eminent professor from IIT, Bombay who is advising several PSUs and Govt. agencies for their IT initiatives, has been appointed as the IT Advisor to advise the company on various aspects of the project.

The new IT setup would enable the company to streamline its customer interface and response mechanism for improving the service delivery. The other objectives of the program include improving operational efficiency, reduction in movement of papers by online decision-making, improved reporting with business analytics and reduction in software development time for the new products and procedures.

Marketing and Publicity

Advertisement and Publicity: Your Company carried out its core business of export credit (trade & finance) risk insurance in association with banks and export promotion bodies like

FIEO, Export Promotion Councils, Commodity Boards and Trade bodies viz CII, FICCI, ASSOCHAM and various regional/ local Chambers of Commerce and Associations of Industries all over India. Besides organizing over 250 meets for the exporters and bankers at different export centres in the country, personal visits by senior executives of the Company to the existing and potential corporate customers were made with the objective of enhancing customer contact and canvassing fresh business. Your company also popularized Government of India's export stimulus package amongst exporters and banks.

To enhance brand image and visibility, your company placed new advertisements in financial newspapers, trade journals and magazines, and participated in various export related seminars, exhibitions and trade fairs held in India during the year. As part of the ECGC brand building exercise, branded corporate diaries and 'Discover Yourself' Corporate calendars were distributed among the patrons and customers. These were well received and appreciated by one and all.

As a result of these initiatives undertaken, around 5000 fresh policies were issued by your company during the year and policy premium posted a growth of 15.28% over the previous year.

Corporate Plan: National Marketing Division reviewed and updated the Corporate Plan of the corporation for the five year period 2010-11 to 2014-15 in line with revised medium term Exim Policy, export projections and strategy of Government of India to double the value of exports in the next three years. The plan envisages to enhance ECGC coverage of national exports by an additional 1.25 % over the next five years by spearheading marketing efforts, expanding distribution network through alternate channels, introducing new and customized products for exporters as well as banks, and diversification into new business activities viz full fledged factoring, domestic credit insurance for exporters and banks.

Add on Marine Insurance Policy Cover: To reach out to its exporters-customers who are looking for one stop solution for all their insurance needs, the company had introduced provision of Marine insurance covers free of cost to its Policyholders. The company had made arrangements with a leading general insurance company for the purpose of providing free add-on marine insurance cover to its policyholders in the year 2008. ECGC absorbed the cost by bearing the premium on behalf of its policyholders. During the year 2010-11, more than 700 complimentary marine insurance policies were issued to ECGC Policyholders. The arrangement is being reviewed with a view to making it more effective and easy to operate.

Alternate marketing and distribution channels: At the close of the year, 148 brokers were on the approved panel and 26 banks had agency agreement with your company. Total premium of Rs.3052 lakhs which amounted to approx. 3.5 % of the gross premium of the Company was earned under bancassurance and broking arrangements during the year. Efforts are being made to strengthen and expand these channels further.

Corporate Social Responsibility (CSR) initiatives: Your Company had adopted a CSR Policy in accordance with guidelines issued by the Department of Public Enterprises (DPE), Government of India and the Insurance Development & Regulatory Authority (IRDA). During the year under review, an amount of Rs. 46.48 lakhs was approved under CSR initiative in respect of the following projects:

i) Rs.28.45 lakhs for providing drinking water, computer and playing equipments, furniture, dress, bags and books and food etc. to Priyadarshini Janakalyan Samiti, Bhadohi, UP;

ii) Rs.12.66 lakhs for School bags for mentally retarded and physically handicapped children to Matra Sewa Sangh, Nagpur, a trust established by late Padmashri Ms. Kamalatai, Hospet;

iii) Rs.5.00 lakhs to under privileged children in 'Red Danger Zone' i.e. Maoist controlled area for education, Mid day meals and Healthcare to Nandi Foundation, Hyderabad;

iv) Rs.27,500/- for pair of new dress each for disable children to The United Orphanage for Disabled, Coimbatore, Tamil Nadu;

v) Rs.10000/- for activities for blind like medical facility, education help, distribution of clothes etc. to Blind Organisation of India, Mumbai.

Implementation of Official Language Policy

The Corporation continued its remarkable progress in implementation of the Official Language Policy of the Government of India. "Hindi Pakhwada" was celebrated in the second fortnight of September 2010. During the Pakhwada various competitions were held in which officers at every level participated enthusiastically. The Hindi Day was celebrated during the second week of October when the Professor of Ismail Yusuf College was present as the chief guest.

The regional Hindi officers' conferences were held in February 2011 to discuss the achievements and problems faced by the Hindi officers at regional and branch level. Along with the installation of Unicode in all computers of the Corporation, the data entered in bilingual in modules like HRD, Policy and Accounts etc. The Corporation's correspondence in Hindi with its customers is showing a steady progress. Hundred percent of the corporation's website is available in bilingual form.

During the year 2010-11 there were 26 training programs including training program for the sub-staff, in which training was provided bilingually. A session related to the national official language policy was part of all the training programs. Nearly all the employees of the Corporation excluding the top management were participants of the training programs. Quarterly review meetings of the Official Language Implementation Committee were held regularly in all the branches, regional offices and at the head office of the Corporation. Various incentives, including cash prizes, are in vogue in the Corporation to encourage and motivate employees to further 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. While the winning offices are awarded certificates, all employees in such offices receive case incentives too. The Corporation has been successful in getting the "Indira Gandhi Rajbhasha Puraskar" shield of the Government of India, Ministry of Home Affairs, consecutively for the past 14 years in recognition of its effective implementation of the official language policy of the Government of India.

International Relations

A. Co-operation Agreement:

During the year 2010-11, ECGC entered into Co-operation Agreements with two international agencies i.e.

I. Asuransi Ekspor Indonesia (ASEI) of Indonesia on 28th July, 2010

II. Zurich American Insurance Company, USA on 9th November, 2010.

The purpose of these agreements is to establish a framework of co-operation between the organizations to support and encourage international trade between countries.

B. VISIT OF OFFICIALS FROM COUNTERPARTS ABROAD

Your company maintains cordial relationship and co-operation with all its international fraternity from the Berne Union. During the year 2010-11, senior officials from EDC (Canada), NEXIM (Nigeria) and NEXI (Japan) visited ECGC to discuss about the latest issues in international trade and the underwriting techniques.

Mr. Arun Sharma of International Finance Corporation (IFC) met our senior officials on March, 2011 to discuss the emerging trends in trade finance.

Quality Assurance

Your company continues to give utmost importance to maintaining high quality standards in its operations and to this purpose has relentlessly pursued ISO 9001: 2008 certification from the Bureau of Indian Standards (BIS). It continues to be the only insurance company in the country that is fully certified. All the branch offices and the Head office of your company hold ISO 9001:2008 certification truly reflecting a perfect application of knowledge and its harmonious blending with state-of-the-art technology to attain system and processes which are on par with international standards. It has successfully concluded all renewal audits and surveillance audits of all its offices as required by the Bureau of Indian Standards (BIS) for the year under review. The importance of quality in a service organization like ECGC has been instilled across all cadres

Human Resources & Industrial Relations

Manpower Resources: Human Resources Development (HRD) department of your company is responsible for creating a conducive work environment. It endeavours to provide facilities to ensure its workforce remain motivated and contribute to the growth of the organization. Against approved employee strength of 633, there were 575 employees in the Corporation as on 31.03.2011. Recruitment of Officers was carried out at regular intervals to fill up the vacancies and in the process the statutory provisions relating to employment/promotion of the Government of India were strictly complied with and reported to the concerned government authorities. During the year the Corporation had arrangements with Club Mahindra for holiday homes in different parts of the country for its employees which was availed by 28 employees. During the year under review, six employees resigned from the services of the company, one employee could not continue due to sad demise and one manager and one peon from PWD both from OBC category under PWD category were given employment in your company.

Training: In its ongoing efforts to continuously upgrade the knowledge and skills of its employees, your company during the year 2010-2011 had carefully selected the Institutes for sponsoring its officers to various Training Programmes. With the objective of providing a highly rewarding and enriching learning experience, the senior executives at the level of Deputy General Managers and General Managers were nominated to attend Management Programmes at the Indian B-Schools viz., IIM-A, IIM-B, IIM-C etc. For the level of Assistant General Managers and Senior Managers, training programmes were identified at XLRI–Jamshedpur. During the year, about 500 employees were sent for different training programmes which translated to 87% of total employee strength of the Corporation. Apart from sponsoring for external programmes, HRD also organized several in-house programmes in various functional areas and continued with its new initiatives to make learning enjoyable and productive.

Representation of Persons with Disability: As a part of its social responsibility and in compliance with the relevant statutory requirements, the company endeavours to provide employment to persons with disabilities. As of 31st March 2011, the company had eleven employees on its rolls belonging to the category of Persons with Disabilities. Details of Representation of SCs and STs in the total manpower of your company in various cadres as on March 31, 2011 and of Representation of Persons with Disabilities in the Service of Company, in pursuance of the relevant provisions under Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995, are furnished in **Annexure I** and **Annexure II** respectively.

Representation of Scheduled Castes, Scheduled Tribes and Other Backward Classes: Your Company is diligently implementing the relevant Rules relating to Reservation for SCs/ STs in direct recruitment and in promotion. In terms of 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 by members of SC/ ST/ OBCs’ and ‘Reserved vacancies filled in by Promotions’ under report are furnished in **Annexure III** & **Annexure IV** respectively.

General Administration

Administration Department is the custodian of all assets, movable and immovable owned by your company. The department manages assets having book value worth about 136 crores. Currently, all capital expenditure in the Corporation is being managed and controlled by the department.

During the year 2010-11 the department completed Energy Audit and their recommendations are being implemented in a phased manner. As a result of this audit and action taken by the department, not only energy was saved, but also considerable amount on energy expenses was reduced. Our Vishakhapatnam branch and Chennai Bank Business Branch have shifted to their new premises and the department played a crucial role in giving timely approvals and enabling the smooth transition. The department is committed to extending full support to all its offices to improve the comfort level of its employees and customers.

कंपनी प्रशासन

Corporate Governance

Report on Corporate Governance

ECGC's Philosophy on Corporate Governance

ECGC has continued to have a tradition of good corporate governance practices. The Corporation has laid emphasis on the cardinal values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of the stakeholders.

The company considers itself as trustee of its stakeholders and acknowledges its responsibility towards them for creation and safeguarding stakeholders' wealth and interests. During the year under review, the company continued its pursuit of achieving these objectives through adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Corporation's business and pursuing policies and procedures to satisfy legal and ethical responsibilities.

Board of Directors

The composition of the Board of Directors of the company is governed by Article 63 of the Articles of Association of the company. Article 63 provides that there shall either be a Chairman-cum-Managing Director and a minimum of three and maximum thirteen part-time 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 Organisations, Export Promotion Councils and Individuals connected with exports. As on date, seven of the thirteen positions for part-time directors on the Board remain vacant. Government of India is yet to fill up the positions.

The names of directors on the Board as on 31st March 2011 along with their date of birth, qualifications, dates and categories under which they are appointed are furnished in Table 1 below:

TABLE 1

Sl. No.	Name of Director	Date of Birth	Qualifications	Date of Appointment	Category
1.	Shri Arvind Mehta Chairman-cum-Managing Director	16.11.1960	M.A. , IAS	01.03.2011	- Non Executive Government Director [Ministry of Commerce, GOI]
2.	Dr. Alok Sheel	01.02.1956	IAS	26.10.2009	- Non Executive Government Director [Min. of Finance, GOI]
3.	Shri Anand Sinha	03.02.1951	B. Sc.; CAIIB (Inter); IIT	27.02.2006	- Non Executive Government Director [RBI]
4.	Shri Yogesh Lohiya	09.12.1951	B.Sc., CAIIB; B.E. (Hons.); Dip. in Business Management; A.I.I.I.	25.08.2009	- Ex –officio Non Government Part Time Director
5.	Shri T C A Ranganathan	19.11.1953	M A (Economics) Dip. In Corporate Laws, CAIIB (I & II)	11.05.2010	- Ex –officio Non Government Part Time Director
6.	Shri K R Kamath	19.11.1955	B. Com	20.12.2010	-Ex officio Non Government Part Time Director
7.	Shri Ramu S Deora	03.04.1937	B. A.	15.03.2011	-Ex -officio Non Government Part Time Director
8.	Shri Hari S Bhartia	12.12.1966	B. Tech	20.12.2010	- Non Government Part Time Director
9.	Shri Vasant Mehta	16.01.1945	B. Com.	07.01.2011	-Non Government Part Part Time Director

Details of the Meetings of the Board of Directors and Attendance

The Board of Directors is required to meet at least once in every three months as per provisions of Section 285 of the Companies Act, 1956. There were six meetings held during the year 2010-11. Details of the meetings of the board held during the year and attendance of individual directors in those meetings are furnished below in Table 2.

TABLE 2

Sr. No.	Meeting Number	Date of the Meeting	Board Strength	No. of Directors Present
1.	367	04.06.2010	7	6
2.	362	09.07.2010	7	4
3.	363	14.08.2010	7	3
4.	364	26.10.2010	7	5
5.	365	26.11.2010	7	5
6.	366	25.02.2011	9	7

Attendance of Individual Directors in the meetings held during 2010-11 was as under:

TABLE 3

Sr. No.	Names of the Directors	No. of meetings attended / Total no. of meetings
1.	Shri A.V. Muralidharan	6 /6
2.	Shri Arvind Mehta	5 /6
3.	Dr. Alok Sheel	2 /6
4.	Shri Anand Sinha	3/6
5.	Shri Yogesh Lohiya	3/6
6.	Shri A. Sakthivel	4/5
7.	T C A Ranganathan	5/6
8.	Shri K R Kamath	0/1
9.	Shri Hari S Bhartia	1/1
10.	Shri Vasant Mehta	1/1

Details of holding other Directorships by Directors on the Board as per disclosure u/s 299(3) of the Companies Act, 1956 in Form No. 24AA received for the year 2010-11:

TABLE 4

Sr. No.	Names of the Directors holding other directorships	No. of other directorships
1.	Shri A.V. Muralidharan	01
2.	Shri Arvind Mehta	01
3.	Dr. Alok Sheel	-
4.	Shri Anand Sinha	01
5.	Shri T. C. A. Ranganathan	-
6.	Shri Yogesh Lohiya	08
7.	Shri A. Sakthivel	13

The Audit Committee- Composition and Attendance

The Audit Committee of the Board oversees and reviews the procedures relating to the Internal Audit functions of the Company and of the concurrent auditors appointed to augment and strengthen the internal audit functions. The Audit Committee discusses and considers the annual financial statements before they are recommended to the Board of Directors for adoption/ approval.

The Audit Committee met four times on 04.06.2010, 14.08.2010, 26.11.2010 and 25.02.2011 during the year. The details of the attendance of the Directors at the Audit Committee meetings are as follows:

TABLE 5

Sr. No.	Name of the Director	No. of meetings attended/ Total no. of meetings
1.	Shri Anand Sinha, Chairman	3/4
2.	Shri Arvind Mehta	3 /4
3.	T. C. A. Ranganathan	3/4
4.	Shri Yogesh Lohiya	2/4
5.	Shri A. Sakthivel	2/3

Investment Committee – Composition and Attendance

The Investment committee was constituted by the Board of Directors in its meeting held on 28.03.2007 to discuss and consider various matters relating to change in Investment Pattern to be compliant with IRDA Regulations, decide on Investment Policy of the Company and to consider decision relating to Investment taken by the Management of the Corporation.

The Investment Committee met three times during the year. The details of the attendance of the Directors/Members at the Investment Committee meetings are as follows:

TABLE 6

Sr. No.	Name of the Director/ Executive	No. of meetings attended / Total no. of meetings
1.	Shri A. V. Muralidharan, Chairman	3/3
2.	Shri Arvind Mehta	2/2
3.	Shri Yogesh Lohiya	2/3
4.	Shri T.C. A. Ranganathan	2/3
5.	Shri S. Prabhakaran	1/1
6.	Ms. Geetha Muralidhar	2/2
7.	Shri V. Ramachandran	1/1
8.	Shri M. M. Mondal	3/3

Annual General Meetings

The Company was incorporated as a private company fully owned by the Government of India. The details of the Annual General Meetings held during the past three years are as under:

TABLE 7

Sr. No.	Financial Year	Date & Time	Venue	No. of Special Resolutions passed
1	2007-08	August 01, 2008 1600 Hours	Udyog Bhavan, New Delhi	Nil
2	2008-09	August 28, 2009 1300 Hours	Registered Office, Mumbai	Nil
3.	2009-10	July 20, 2010 16.00 Hours	Udyog Bhawan. New Delhi	Nil

Disclosure

There were no transactions by the company with its directors or with their relatives of material nature that may have potential conflict with the interests of the company at large.

There were no case of non-compliance by the company and no penalties were imposed on the company by any statutory or regulatory authority on any matter related to various statutes of the land during the last 3 years.

As the Company is not a listed company, the Company is not required to publish its audited financial results in newspapers. However, the audited accounts of the Company and financial results are being laid on the table of both the houses of Parliament in compliance of the statutory requirements in that regard.

Shareholder Information

(a) **Annual General Meeting:** The Annual General Meeting for the current year will be held at such venue and date as may be found suitable by the shareholders of the Corporation i.e., the Government of India. The Chairman & Managing Director has been authorised in this regard by the Board of Directors;

(b) **Shareholding Pattern as on March 31, 2011:** The Company is fully owned by the Government of India. The President of India holds the entire lot of the equity shares of 900,00,000 issued by the Company except for eight of those shares which are held by nominees of the President of India;

(c) **Address for Correspondence:**

Shri Rakesh Kumar Jain, Assistant General Manager [Legal] & Company Secretary, Export Credit Guarantee Corporation of India Ltd,

Express Towers, Tenth Floor,

Nariman Point, Mumbai – 400 021

[email: cs@ecgc.in]

For and on behalf of The Board of Directors

Arvind Mehta
Chairman-cum-Managing Director

Place: Delhi

Dated: 27th July, 2011

सांख्यिकीय विवरण

Statistical Statements

VALUE OF RISKS COVERED **(Rs. In Lakhs)**

	2010-11	2009-10	2008-09
POLICIES			
SHORT TERM POLICIES **(Only Standard Policies)**	**5710987**	4777987	4651209
SHORT TERM POLICES (Exposure based)	**3577430**	3786358	2235426
TRANSFER GUARANTEES			0
PROJECT & TERM EXPORT POLICIES	**372844**	373790	219084
OVERSEAS INVESTMENT POLICIES	**5290**	25495	25265
DOMESTIC CREDIT INSURANCE	**24323**	4340	450
POLICY TOTAL	**9690874**	**8967970**	**7131434**
EXPORT CREDIT INSURANCE FOR BANKS			
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN-PC)	**22018377**	16660961	17775080
EXPORT CREDIT INSURANCE FOR BANKS (WT-PS + IN-PS)	**9126936**	8450392	6645257
EXPORT CREDIT INSURANCE FOR BANKS (EF)	**2784**	962	983
EXPORT CREDIT INSURANCE FOR BANKS (EPF)	**0**	0	0
EXPORT CREDIT INSURANCE FOR BANKS (EP) + WT-EP	**11482**	106066	63516
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**2016250**	1909014	1688311
EXPORT CREDIT INSURANCE FOR BANKS (LONG TERM)	**32231**	277466	241162
ECIB TOTAL	**33208060**	**27404861**	**26414309**
TOTAL	**42898934**	**36372831**	**33545743**

SOURCE OF PREMIUM INCOME **(Rs. In Lakhs)**

	2010-11	2009-10	2008-09
POLICIES			
SHORT TERM POLICIES	**33251.01**	28809.20	24659.12
TRANSFER GUARANTEES	**0.00**	0.00	0.21
PROJECT & TERM EXPORT POLICIES	**1808.77**	1341.94	1206.47
OVERSEAS INVESTMENT POLICIES	**70.13**	180.31	261.13
DOMESTIC CREDIT INSURANCE	**114.84**	132.68	12.48
POLICY TOTAL	**35244.75**	**30464.13**	**26139.40**
EXPORT CREDIT INSURANCE FOR BANKS			
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN-PC)	**31154.03**	28967.36	28250.87
EXPORT CREDIT INSURANCE FOR BANKS (WT -PS + IN-PS)	**12861.37**	11872.00	10851.50
EXPORT CREDIT INSURANCE FOR BANKS(EF)	**1.39**	1.57	1.76
EXPORT CREDIT INSURANCE FOR BANKS(EPF)	**0.00**	0.00	0.00
EXPORT CREDIT INSURANCE FOR BANKS(EP) (EP + WT-EP)	**291.49**	1388.95	1465.06
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**6754.18**	6448.70	5848.80
EXPORT CREDIT INSURANCE FOR BANKS (LONG TERM)	**2239.48**	2156.94	1910.28
ECIB TOTAL	**53301.94**	**50835.52**	**48328.28**
TOTAL	**88546.69**	**81299.65**	**74467.68**

SECTOR-WISE CLAIMS PAID (Rs. In Lakhs)

	2010-11	2009-10	2008-09
POLICIES			
SHORT TERM POLICIES	**16047.14**	** 26998.34	21601.10
EXPORT CREDIT INSURANCE FOR BANKS(TR)	**0.00**	0.00	0.00
PROJECT & TERM EXPORT POLICIES	**0.00**	0.00	0.00
OVERSEAS INVESTMENT POLICIES	**0.00**	0.00	0.00
DOMESTIC CREDIT INSURANCE	**42.67**	4.29	0.00
FACTORING	**0.00**	0.00	121.67
POLICY TOTAL	**16089.81**	**27002.63**	**21722.77**
EXPORT CREDIT INSURANCE FOR BANKS			
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN-PC)	**12843.70**	13199.60	16453.28
EXPORT CREDIT INSURANCE FOR BANKS (WT - PS + IN-PS)	**32213.58**	22540.68	5412.99
EXPORT CREDIT INSURANCE FOR BANKS (EF)	**0.00**	0.00	0.00
EXPORT CREDIT INSURANCE FOR BANKS (EPF)	**0.00**	0.00	0.00
EXPORT CREDIT INSURANCE FOR BANKS (EP) SHORT TERM	**0.00**	441.88	1001.94
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**905.62**	988.01	550.30
EXPORT CREDIT INSURANCE FOR BANKS (LONG TERM)	**0.00**	0.00	0.00
ECIB TOTAL	**45962.90**	**37170.17**	**23418.50**
TOTAL :	**62052.71**	**64172.80**	**45141.28**

SECTOR-WISE RECOVERIES MADE

	2010-11	2009-10	2008-09
POLICIES			
SHORT TERM POLICIES	**882.29**	1505.65	892.40
EXPORT CREDIT INSURANCE FOR BANKS(TR)	**0.00**	0.00	0.00
PROJECT & TERM EXPORT POLICIES	**0.00**	0.00	0.00
OVERSEAS INVESTMENT POLICIES	**0.00**	0.00	0.00
FACTORING	**49.95**	126.86	74.67
BLOCKED FUNDS	**1614.24**	640.41	4729.27
POLICY TOTAL	**2546.48**	**2272.92**	**5696.34**
EXPORT CREDIT INSURANCE FOR BANKS			
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN PC)	**7789.94**	8081.10	11075.34
EXPORT CREDIT INSURANCE FOR BANKS (WT-PS + IN-PS)	**2922.15**	2644.48	3592.90
EXPORT CREDIT INSURANCE FOR BANKS(EF)	**0.00**	58.58	0.19
EXPORT CREDIT INSURANCE FOR BANKS (EPF)	**0.00**	0.00	0.00
EXPORT CREDIT INSURANCE FOR BANKS (EP) (SHORT TERM)	**8.86**	89.82	386.25
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**344.32**	213.49	73.97
EXPORT CREDIT INSURANCE FOR BANKS (EP) (LONG TERM)	**0.00**	0.00	32.52
ECIB TOTAL	**11065.27**	**11087.47**	**15161.15**
TOTAL :	**13611.75**	**13360.39**	**20857.50**

COMMODITYWISE VALUE OF SHIPMENT COVERED UNDER SHORT TERM POLICIES

(Rs. In Crores)

S.NO.	COMMODITY	2010-11	2009-10	2008-09
1	Engineering Goods	**9526.50**	7483.48	9071.16
2	Readymade Garments	**4518.02**	4992.19	4247.07
3	Leather and Leather Manufactures	**4690.78**	4109.05	3904.09
4	Cotton (Fibre, Yarn, Fabrics & Made Ups) Handloom	**4454.68**	3607.62	2725.98
5	Basic Chemical, Pharmaceuticals and Cosmetics	**3292.33**	3353.06	3132.23
6	Chemical and Allied Products	**4027.00**	3299.93	3086.86
7	Agricultural Products (incl. Dairy Products & Processed Foods)	**3445.40**	2704.46	2625.33
8	Granite	**1305.20**	1183.73	1015.49
9	Marine Products	**1636.26**	1168.42	911.81
10	Tea	**1098.92**	1143.85	768.62
11	Gems & Jewellery	**2848.17**	1128.96	963.36
12	Tobacco	**762.35**	777.07	481.47
13	Woollen Carpets	**832.79**	743.06	688.42
14	Hosiery Goods	**560.81**	628.37	1090.41
15	Handicraft	**408.05**	459.88	524.06
16	Plastic Goods (incl. Linoleum Products)	**526.60**	330.93	606.77
17	Spices	**419.24**	313.31	352.06
18	Coir (Yarn and Goods)	**318.96**	265.44	221.61
19	Coffee	**223.33**	246.40	355.36
20	Electronics & Computer Hardware	**488.31**	233.56	198.42
21	Cashew	**203.98**	204.55	204.45
22	Jute (Yarn and Products)	**477.81**	181.81	186.37
23	Synthetic Yarn, Fibres & Manufactures (incl. Nylon)	**176.03**	164.13	233.70
24	Silk Goods (including Yarn)	**78.98**	94.15	114.21
25	Sport Goods	**49.85**	68.67	68.79
26	Computer Software	**16.04**	18.08	20.65
	TOTAL (INCL. OTHERS)	**57008.84**	47791.96	45731.56

POLICIES ISSUED & INFORCE **(MAXIMUM LIABILITY RS. IN LAKHS)**

TYPE OF POLICIES	2010-11 NO.	2010-11 MAXIMUM LIABILITY	2009-10 NO.	2009-10 MAXIMUM LIABILITY	2008-09 NO.	2008-09 MAXIMUM LIABILITY
ISSUED						
SHORT TERM POLICIES	**10117**	**2575659**	10557	2458988	11541	2449151
LONG TERM POLICIES (Excl. LINES OF CREDIT & BUYERS CREDIT)	**35**	**109464**	26	446483	30	156589
TOTAL	**10152**	**2685123**	**10583**	**2905471**	**11571**	**2605740**
INFORCE						
SHORT TERM POLICIES	**13093**	**3412847**	13429	3284691	13371	3102926
LONG TERM POLICIES (Excl. LINES OF CREDIT & BUYERS CREDIT)	**51**	**1151191**	46	951496	103	698652
TOTAL	**13144**	**4564038**	**13475**	**4236187**	**13474**	**3801578**

EXPORT CREDIT INSURANCE FOR BANKS -ISSUED & IN FORCE **(MAXIMUM LIABILITY RS. IN LAKHS)**

TYPE OF EXPORT CREDIT INSURANCE FOR BANKS	2010-11		2009-10		2008-09	
	NO.	**MAXIMUM LIABILITY**	**NO.**	**MAXIMUM LIABILITY**	**NO.**	**MAXIMUM LIABILITY**
ISSUED (Fresh+Renewal)						
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN-PC)	**441**	**1177268**	486	1148275	464	1118402
EXPORT CREDIT INSURANCE FOR BANKS (WT-PS + IN-PS)	**1596**	**1289981**	1642	1165335	1629	1070185
EXPORT CREDIT INSURANCE FOR BANKS(EF)	**6**	**620**	6	294	9	391
EXPORT CREDIT INSURANCE FOR BANKS (EPF)	**0**	**0**	0	0	0	0
EXPORT CREDIT INSURANCE FOR BANKS (EP) SHORT TERM	**272**	**8612**	255	28658	232	48177
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**1447**	**613911**	1517	569561	1645	544108
EXPORT CREDIT INSURANCE FOR BANKS (LONG TERM)	**160**	**109558**	176	151903	198	53363
TOTAL	**3922**	**3199950**	**4082**	**3064026**	**4177**	**2834626**
INFORCE						
EXPORT CREDIT INSURANCE FOR BANKS (WT-PC + IN-PC)	**423**	**1168486**	640	1206796	452	1114409
EXPORT CREDIT INSURANCE FOR BANKS (WT-PS + IN-PS)	**1513**	**1262182**	2163	1250975	1576	1057260
EXPORT CREDIT INSURANCE FOR BANKS (EF)	**4**	**581**	10	493	8	354
EXPORT CREDIT INSURANCE FOR BANKS (EPF)	**0**	**0**	0	0	0	0
EXPORT CREDIT INSURANCE FOR BANKS (EP) SHORT TERM	**428**	**17738**	911	182995	602	122266
EXPORT CREDIT INSURANCE FOR BANKS (BIPC)	**1394**	**598576**	1624	593834	1585	509664
EXPORT CREDIT INSURANCE FOR BANKS (LONG TERM)	**410**	**241662**	419	230432	330	148940
TOTAL	**4172**	**3289225**	**5767**	**3465525**	**4553**	**2952893**

OTHER POLICIES ISSUED & INFORCE **(MAXIMUM LIABILITY RS. IN LAKHS)**

TYPE OF POLICIES	2010-11		2009-10		2008-09	
	NO.	MAXIMUM LIABILITY	NO.	MAXIMUM LIABILITY	NO.	MAXIMUM LIABILITY
ISSUED						
EXPORT CREDIT INSURANCE FOR BANKS (TR)	**0**	**0**	0	0	0	0
LINES OF CREDIT	**0**	**0**	0	0	0	0
BUYERS CREDIT	**0**	**0**	0	0	0	0
OVERSEAS INVESTMENT INSURANCE POLICIES	**1**	**243**	4	5429	4	21602
EXCHANGE FLUCTUATION RISK COVER SCHEME	**0**	**0**	0	0	0	0
TOTAL	**1**	**243**	**4**	**5429**	**4**	**21602**
INFORCE						
EXPORT CREDIT INSURANCE FOR BANKS (TR)	**0**	**0**	0	0	0	0
LINES OF CREDIT	**0**	**0**	0	0	0	0
BUYERS CREDIT	**0**	**0**	0	0	0	0
OVERSEAS INVESTMENT INSURANCE POLICIES	**1**	**243**	5	5672	8	25638
EXCHANGE FLUCTUATION RISK COVER SCHEME	**0**	**0**	0	0	0	0
TOTAL	**1**	**243**	**5**	**5672**	**8**	**25638**

COUNTRYWISE VALUE COVERED UNDER SHORT TERM INSURANCE POLICIES

(Rs. In Crores)

S.NO.	NAME OF THE COUNTRY	2010-11	2009-10	2008-09
1	United States of America	**10091.69**	7584.67	7585.36
2	United Kingdom	**4939.58**	4479.92	3990.92
3	Germany	**3840.41**	3255.11	3415.75
4	United Arab Emirates	**2766.15**	2623.74	3218.15
5	Italy	**2443.48**	2032.30	2214.10
6	Bangladesh	**2152.40**	1815.44	1152.55
7	France	**2208.24**	1715.22	1800.43
8	Hong Kong	**1689.04**	1537.57	1186.05
9	Netherlands	**1374.67**	1283.04	1094.57
10	Spain	**1330.55**	1129.83	947.99
11	China	**1545.39**	1098.01	955.00
12	Singapore	**1269.73**	1057.92	1039.43
13	Switzerland	**1355.68**	908.14	710.15
14	Australia	**963.72**	816.10	691.58
15	Canada	**1003.93**	776.95	793.78
16	Saudi Arabia	**877.16**	731.80	775.42
17	Pakistan	**631.85**	704.36	298.05
18	Iran	**689.24**	657.60	388.97
19	Turkey	**822.46**	614.53	628.23
20	Belgium	**866.23**	597.27	649.72
21	South Korea	**667.00**	571.10	409.00
22	Japan	**855.63**	552.35	638.43
23	Brazil	**722.68**	539.02	477.10
24	South Africa	**675.07**	499.71	488.23
25	Sri Lanka	**604.44**	469.72	734.32
	TOTAL (INCL. OTHERS)	**57192.57**	47791.96	45731.56

COUNTRYWISE VALUE COVERED UNDER TERM EXPORT POLICIES INCLUDING LINES OF CREDIT AND BUYERS CREDIT

(Rs. In Crores)

S.No.	NAME OF THE COUNTRY	**2010-11**	2009-10	2008-09
1	Algeria	**0.00**	618.24	618.24
2	Malaysia	**550.00**	3469.93	594.75
3	Libya	**1556.44**	3934.48	509.38
4	Sri Lanka	**52.90**	50.42	242.58
5	Afganistan	**0.00**	317.79	194.41
6	Sudan	**36.84**	383.79	152.84
7	Saudi Arabia	**10.52**	92.47	140.58
8	Qatar	**406.97**	406.97	86.37
9	Bangladesh	**134.46**	565.26	78.44
10	Kuwait	**534.56**	1080.49	80.55
11	Kenya	**12.17**	121.84	43.78
12	Mauritius	**0.00**	0.00	3.45
13	Mayanmar	**0.00**	7.82	37.18
14	Ethiopia	**0.56**	305.22	33.95
15	U.A.E.	**259.91**	14.67	19.89
16	Zambia	**0.00**	77.00	15.42
17	Vietnam	**58.76**	38.27	10.58
18	Nigeria	**0.00**	0.00	5.62
19	Canada	**0.00**	0.00	4.01
20	Ghana	**2.29**	0.97	2.36
21	Turkey	**0.00**	2.30	2.30
22	Malawi	**0.94**	0.00	1.69
23	Oman	**0.00**	16.86	1.51
24	China	**0.00**	1.50	1.50
25	Iran	**21.74**	2.48	1.38
26	Rwanda	**0.00**	0.00	0.83
27	Nepal	**21.05**	54.43	0.82
28	Tanzania	**3.08**	0.00	0.55
29	Tunisia	**0.00**	0.00	0.19
32	Jordan	**0.00**	5.06	
	TOTAL (Including others)	**3663.19**	11568.26	2908.02

वित्तीय विवरण

Financial Statements

FORM B - BS
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD

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

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	**Current Year (₹ '000)**	Previous Year (₹ '000)
I. SOURCES OF FUNDS			
Share Capital	5	90,00,000.00	90,00,000.00
Reserves and Surplus	6	1,08,27,090.47	1,02,73,785.50
Fair Value Change Account		7,95,137.30	3,15,641.38
Borrowings	7	-	2,718.82
Deferred Tax Liability		-	-
Total		**2,06,22,227.77**	**1,95,92,145.70**
II. APPLICATION OF FUNDS			
Investments	8	3,16,35,615.53	2,62,04,589.76
Loans	9	-	-
Fixed Assets	10	14,31,946.72	13,56,778.77
Deferred Tax Assets		40,479.65	2,06,317.79
Current Assets			
Cash and Bank Balances	11	87,68,618.37	79,22,753.15
Advances and Other Assets	12	44,38,293.84	37,94,614.80
Sub Total **(A)**		1,32,06,912.21	1,17,17,367.95
Current Liabilities	13	2,08,76,728.24	1,60,67,187.10
Provisions	14	48,15,998.10	38,25,721.47
Sub Total **(B)**		2,56,92,726.34	1,98,92,908.57
Net Current Assets **(C)= (A-B)**		(1,24,85,814.13)	(81,75,540.62)
Fair Value Change Account		-	-
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		-	-
TOTAL		**2,06,22,227.77**	**1,95,92,145.70**

SIGNIFICANT ACCOUNTING POLICIES 16
NOTES FORMING PART OF ACCOUNTS 17

(ARVIND MEHTA)
Chairman cum Managing Director

(YOGESH LOHIYA)
Director

(VASANT MEHTA)
Director

(RAKESH KUMAR JAIN)
Company Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

For LAKHANI & CO.
Chartered Accountants

For M. B. AGRAWAL & CO.
Chartered Accountants

(SAILESH KATUDIA)
Partner

(HARSHAL AGRAWAL)
Partner

Place : New Delhi
Dated : 09th June 2011

FORM B-RA
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1	Premiums earned (Net)	1	67,48,624.50	57,59,949.08
2	Profit/Loss on Sale/redemption of Investment		34,623.05	17,545.43
3	Others			
	- Fee		7,220.50	6,308.52
	- Interest on Claims & Premium		34,442.19	31,022.39
	- Exchange Fluctuation Profit (net)		-	1,546.15
	- Miscellaneous Income		18,428.08	1,07,505.11
4	Interest & Dividend - Gross		13,66,249.78	11,75,321.79
	TOTAL (A)		**82,09,588.10**	**70,99,198.47**
1	Claims Incurred (Net)	2	75,74,386.82	67,51,759.95
2	Commission	3	(95,321.04)	(3,15,694.55)
3	Operating Expenses related to Insurance Business	4	15,14,754.17	10,35,987.55
4	Other - Premium Deficiency		(4,81,980.95)	4,81,980.95
	TOTAL (B)		**85,11,839.00**	**79,54,033.90**
	Operating Profit/(Loss) from Miscellaneous Business Transfer to Profit & Loss A/c (A-B)		**(3,02,250.90)**	**(8,54,835.43)**

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, expenses of management, wherever incurred, whether directly or indirectly in respect of the Export Credit Insurance have been fully debited to the Revenue Account as expenses.

(ARVIND MEHTA)
Chairman cum Managing Director

(YOGESH LOHIYA)
Director

(VASANT MEHTA)
Director

(RAKESH KUMAR JAIN)
Company Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

For LAKHANI & CO.
Chartered Accountants

For M. B. AGRAWAL & CO.
Chartered Accountants

(SAILESH KATUDIA)
Partner

(HARSHAL AGRAWAL)
Partner

Place : New Delhi
Dated : 09th June 2011

FORM B-PL
EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2011

	Particulars	**Schedule**	**Current Year (₹ '000)**	**Previous Year (₹ '000)**
1	OPERATING PROFIT/(LOSS)			
	(a) Fire Insurance		-	-
	(b) Marine Insurance		-	-
	(c) Miscellaneous Insurance		(3,02,250.90)	(8,54,835.43)
2	INCOME FROM INVESTMENTS			
	(a) Interest & Dividends-Gross		13,66,249.78	15,57,984.69
	(b) Rent & Other receipts		463.89	456.31
	(c) Profit on Sale of Investments		34,623.05	23,257.90
	Less: Loss on Sale of Investments		-	-
3	OTHER INCOME			
	(a) Factoring Income		59.59	6,149.67
	(b) NEIA Income		997.02	1,539.99
	(c) Miscellaneous Income		1,05,240.89	8,092.92
	TOTAL (A)		**12,05,383.32**	**7,42,646.05**
4	PROVISIONS (Other than Taxation)			
	(a) For diminution in the value of investments		-	-
	(b) Provision for Factoring			
	- Standard Asset		-	10.88
	- Sub Standard Asset		-	-
	- Doubtful Asset		-	70,426.80
	(c) Provision for Doubtful Debts		600.00	712.47
5	OTHER EXPENSES			
	(a) Expenses other than those related to Insurance Business			
	- Expenses towards Investments		8,471.41	7,256.06
	- Expenses towards Corporate Social Responsibility		20,000.00	5,175.53
	(b) Others - Factoring expenses		48.47	4,272.31
	TOTAL (B)		29,119.88	87,854.05
	Profit Before Tax **(A - B)**		**11,76,263.44**	**6,54,792.00**
	Less:			
	(a) Provision for Taxation			
	- Deferred Tax		1,65,838.14	(1,84,434.07)
	- Current Tax		3,18,500.00	4,60,000.00
	- MAT Credit Entitlement		(1,25,400.00)	-
	(b) Prior Period Adjustments		(17,429.79)	(1,86,949.07)
	(c) Tax Adjustments - Earlier years		(21,890.61)	28,828.03
	Profit available for appropriation		**8,56,645.70**	**5,37,347.12**

	Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
	APPROPRIATIONS			
	(a) Interim Dividends paid during the year		-	-
	(b) Dividend distribution tax on Interim Dividend		-	-
	(c) Proposed final Dividend		2,61,000.00	1,07,469.42
	(d) Dividend distribution tax on Proposed Dividend		42,340.73	18,264.43
	(e) Transfer to General Reserve		5,53,400.00	4,11,600.00
	Balance of profit/loss brought forward from last year		198.35	185.08
	Balance carried forward to Balance Sheet		103.32	198.35

(ARVIND MEHTA)
Chairman cum Managing Director

(YOGESH LOHIYA)
Director

(VASANT MEHTA)
Director

(RAKESH KUMAR JAIN)
Company Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

For LAKHANI & CO.
Chartered Accountants

For M. B. AGRAWAL & CO.
Chartered Accountants

(SAILESH KATUDIA)
Partner

(HARSHAL AGRAWAL)
Partner

Place : New Delhi
Dated : 09th June 2011

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE -1
PREMIUM EARNED (NET)

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
	Premium from Direct Business Written	88,54,669.25	81,29,964.48
	Add : Premium on Reinsurance Accepted	-	-
	Less: Premium on Reinsurance Ceded	11,45,218.29	23,42,166.43
	Net Premium	77,09,450.96	57,87,798.05
	Adjustment for change in Reserve for Unexpired Risks	(9,60,826.46)	(27,848.97)
	Total Premium Earned (Net)	**67,48,624.50**	**57,59,949.08**

SCHEDULE -2
CLAIMS INCURRED (NET)

	Particulars		**Current Year (₹ '000)**	Previous Year (₹ '000)
	Claims Paid			
	Direct		62,05,271.60	64,17,279.65
	Add : Reinsurance accepted		-	-
	Less : Reinsurance ceded		16,02,379.61	21,89,877.94
	Less :			
	Recovered during the year	13,60,665.06		13,33,195.17
	Less : Share of reinsurer	1,14,577.48		1,09,446.06
			12,46,087.58	12,23,749.11
	Net Claims paid **(A)**		33,56,804.41	30,03,652.60
	Add : Claims Outstanding at the end of the year (net of reinsurance)		1,86,01,737.72	1,43,17,568.64
	Minus provision for recovery (net of reinsurance)		2,59,428.80	1,92,842.13
	(B)		1,83,42,308.92	1,41,24,726.51
	Less : Claims Outstanding at the beginning (net of reinsurance)		1,43,17,568.64	1,05,90,940.61
	Minus Provision for recovery (net of reinsurance)		1,92,842.13	2,14,321.45
	(C)		1,41,24,726.51	1,03,76,619.16
	Total Claims Incurred (A + B - C)		**75,74,386.82**	**67,51,759.95**

SCHEDULE -3
COMMISSION

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
	Commission Paid		
	Direct	40,703.59	35,175.30
	Add : Reinsurance Accepted	-	-
	Less: Commission on Re-insurance Ceded	1,36,024.63	3,50,869.85
	Net Commission	**(95,321.04)**	**(3,15,694.55)**

SCHEDULE -4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

	Particulars		**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Employees' Remuneration and Welfare benefits		9,95,295.93	4,95,040.20
2	Travel, Conveyance and Vehicle running expenses		60,638.86	48,348.56
3	Training expenses		7,962.88	7,074.05
4	Rent, Rates & Taxes		76,068.04	83,594.79
5	Repairs		77,919.16	76,345.61
6	Printing & Stationery		13,993.18	13,539.09
7	Communication expenses		14,858.40	18,913.52
8	Legal & Professional charges		7,892.31	7,318.83
9	Auditors' fees , expenses etc- Statutory Audit Fee		3,406.62	3,278.88
	- Tax Audit Fee		742.25	689.36
	- Others		2,236.48	803.14
10	Advertisement and Publicity		50,874.49	1,00,057.27
11	Interest and Bank Charges		760.05	828.72
12	Concurrent Audit Fee		2,555.17	2,414.01
13	Consultancy Charges		4,986.23	3,113.26
14	Electricity Charges		20,992.73	23,560.47
15	Insurance Premium		3,410.48	2,308.37
16	Loss on Sale of Asset (net) & Asset written off		1,993.40	890.31
17	Status Enquiry Expenses	59,504.51		59,124.90
	Less: Status Enquiry Fees	16,622.01		19,151.68
			42,882.50	39,973.22
18	Exchange Fluctuation Loss (net)		12.35	-
19	Berne Union Expenses		183.06	67.25
20	Membership and other fees		15,658.79	15,059.68
21	Operating expenses towards Investments		8,471.41	5,473.87
22	Wealth Tax		8,953.24	9,201.42
23	Business Promotion Expenses		16,170.88	11,380.13
24	Miscellaneous Expenses		30,995.46	22,192.29
25	Depreciation		44,839.82	43,899.53
26	Impairment Loss of Fixed Assets		-	621.72
	TOTAL		**15,14,754.17**	**10,35,987.55**

SCHEDULE -5
SHARE CAPITAL

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Authorised Capital		
	100,000,000 Equity Shares of Rs. 100 each	1,00,00,000.00	1,00,00,000.00
	(Previous Year 100,000,000 Equity Shares of Rs. 100 each)		
2	Issued Capital		
	90,000,000 Equity Shares of Rs 100 each	90,00,000.00	90,00,000.00
	(Previous Year 90,000,000 Equity Shares of Rs 100 each)		
3	Subscribed Capital	90,00,000.00	90,00,000.00
	90,000,000 Equity Shares of Rs 100 each		
	(Previous Year 90,000,000 Equity Shares of Rs 100 each)		
4	Called up & Paid up Capital	90,00,000.00	90,00,000.00
	90,000,000 Equity Shares of Rs 100 each		
	(Previous Year 90,000,000 Equity Shares of Rs 100 each)		
	Add : Equity Shares forfeited (Amount originally paid up)	-	-
	Less : Par Value of Equity Shares bought back	-	-
	Less : Preliminary Expenses	-	-
	Expenses including commission or brokerage	-	-
	on Underwriting or subscription of shares	-	-
	TOTAL	**90,00,000.00**	**90,00,000.00**

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

	Shareholder	**Current Year**		Previous Year	
		No. of Shares	**% of holding**	No. of Shares	% of holding
	Promoters				
	Indian				
	President of India & His Nominees	9,00,00,000	100.00	9,00,00,000	100.00
	Foreign	-	-	-	-
	Others	-	-	-	-
	Total	**9,00,00,000**	**100.00**	9,00,00,000	100.00

SCHEDULE -6
RESERVES AND SURPLUS

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	-	-
4	General Reserve - Opening Balance	1,02,73,587.15	98,61,987.15
	Additions during year	5,53,400.00	4,11,600.00
		1,08,26,987.15	1,02,73,587.15
	Deduction during year	-	-
		1,08,26,987.15	1,02,73,587.15
5	Catastrophe Reserve	-	-
6	Other Reserves (to be specified)	-	-
7	Balance in Profit & Loss Account	103.32	198.35
	TOTAL	**1,08,27,090.47**	**1,02,73,785.50**

SCHEDULE -7
BORROWINGS

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Debentures/Bonds	-	-
2	Banks (unsecured - repayable in less than 12 months)		2,718.82
3	Financial Institutions	-	-
4	Others	-	-
	TOTAL	-	2,718.82

SCHEDULE -8
INVESTMENTS

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranted bonds including Treasury Bills		
	Central Government Securities	82,82,583.18	72,46,923.75
	State Government Securities	51,30,381.79	40,73,504.17
2	Other approved Securities	10,02,109.29	9,54,131.48
3	Approved Investments		
	a. Shares		
	aa. Equity	48,32,038.60	30,77,879.20
	bb. Preference Shares	-	-
	b. Mutual Funds	-	-
	c. Derivative Instruments	-	-
	d. Debentures/Bonds	-	-
	I . Investment in housing sector Bonds	29,70,915.48	18,71,046.72
	II . Market sector Bonds	26,81,369.93	19,31,944.27
	e. Other Securities (to be specified)	-	-
	f. Subsidiaries	-	-
	g. Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	54,89,571.88	49,36,016.71
5	Other Investments	46,643.17	54,043.46
	Total (A)	**3,04,35,613.32**	**2,41,45,489.76**
	SHORT TERM INVESTMENTS		
1	Government securities and Government guaranted bonds including Treasury Bills		
	Central Government Securities	-	-
	State Government Securities	-	-
2	Other Approved Securities	-	-
3	Approved Investments		
	a. Shares		
	aa. Equity	-	-
	bb. Preference	-	-
	b. Mutual Funds	-	-
	c. Derivative Instruments	-	-
	d. Debentures/Bonds	-	-
	I . Investment in housing sector Bonds	1,00,000.74	-
	II . Market sector Bonds	1,50,000.73	1,00,000.00
	e. Other Securities	-	-
	f. Subsidiaries	-	-
	g. Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	4,50,000.74	6,98,200.00
5	Other Investments	5,00,000.00	12,60,900.00
	Total (B)	**12,00,002.21**	**20,59,100.00**
	TOTAL (A + B)	**3,16,35,615.53**	**2,62,04,589.76**

SCHEDULE -9
LOANS

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

SCHEDULE 10

FIXED ASSETS

Figures in ₹ '000

		Gross Block					Depreciations					Impairement of Assets				Net Block	
Sl. No.	Particulars	Opening	Adjustment	Additions	Deductions	Closing	Upto Last Year	Adjustment	For the Year	On Sale / Adjustments	To date	As on 31/03/2009	Additional Impairement	Reversal	As on 31/03/2010	As at Year End	Previous Year
1	Good Will	-	-	-	-	**-**	-	-	-	-	**-**	**-**	-	-	-	-	**-**
2	Intangibles	35,504.84	-	2,648.56	-	**38,153.40**	13,153.43	-	7,933.54	-	**21,086.97**	**-**	-	-	-	**17,066.43**	**22,351.40**
3	Land - Free Hold	7,52,134.06	-	16.76	-	**7,52,150.82**	-	-	-	-	**-**	**-**	-	-	-	**7,52,150.82**	**7,52,134.06**
4	Leasehold Property	58,763.54	-	-	-	**58,763.54**	9,292.18	-	690.12	-	**9,982.30**	**-**	-	-	-	**48,781.24**	**49,471.36**
5	Building	4,03,139.23	-	19,390.89	-	**4,22,530.12**	79,760.86	-	6,704.56	(29.89)	**86,495.31**	**-**	-	-	-	**3,36,034.81**	**3,23,378.37**
6	Furniture and Fittings	1,38,415.40	(67.79)	3,586.93	601.34	**1,41,333.20**	74,978.97	(67.79)	8,089.28	425.46	**82,575.00**	**1.25**	-	-	**1.25**	**58,756.95**	**63,435.18**
7	Information Technology Equipment	1,36,540.47	-	21,205.86	3,139.86	**1,54,606.47**	94,696.47	-	12,784.59	3,020.81	**1,04,460.24**	**-**	-	-	-	**50,146.23**	**41,844.00**
8	Vehicles	65,346.12	-	586.93	2,676.72	**63,256.33**	13,831.50	-	6,020.04	1,527.82	**18,323.73**	**582.54**	-	**582.54**	-	**44,932.60**	**50,932.09**
9	Office Equipment	51,407.32	67.79	6,245.45	4,249.17	**53,471.39**	20,118.43	67.79	2,617.69	2,341.47	**20,462.43**	**37.93**	-	-	**37.93**	**32,971.03**	**31,250.96**
Total		**16,41,250.98**	**-**	**53,681.38**	**10,667.09**	**16,84,265.27**	**3,05,831.84**	**-**	**44,839.82**	**7,285.67**	**3,43,385.98**	**621.72**	**-**	**582.54**	**39.18**	**13,40,840.11**	**13,34,797.42**
Work in Progress																**91,106.61**	**21,981.35**
Grand Total		**16,41,250.98**	**-**	**53,681.38**	**10,667.09**	**16,84,265.27**	**3,05,831.84**	**-**	**44,839.82**	**7,285.67**	**3,43,385.98**	**621.72**	**-**	**582.54**	**39.18**	**14,31,946.72**	**13,56,778.77**
Previous Year		**16,16,415.63**	**-**	**29,384.98**	**4,549.63**	**16,41,250.98**	**2,64,958.20**	**-**	**43,899.53**	**3,025.88**	**3,05,831.84**	**-**	**621.72**	**-**	**621.72**	**13,56,778.77**	**13,62,890.46**

SCHEDULE -11
CASH AND BANK BALANCES

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Cash (including cheques, drafts and stamps)	40,274.63	51,264.14
2	Bank Balances		
	(a) Deposit Accounts		
	Short Term (due within 12 months):		
	With Schedule Banks	81,23,600.00	64,46,563.24
	With Financial Institutions		
	Others		
	With Schedule Banks	5,04,814.96	12,62,500.00
	With Financial Institution		
	(b) Current Accounts	99,828.78	1,62,325.77
	(c) Others - Balance with Reserve Bank of India	100.00	100.00
3	Money at Call and Short Notice		
	With Banks	-	-
	With other Institutions	-	-
4	Others	-	-
	TOTAL	**87,68,618.37**	**79,22,753.15**

SCHEDULE -12
ADVANCES AND OTHER ASSETS

	Particulars		Current Year (₹ '000)	Previous Year (₹ '000)
	ADVANCES			
1	Reserve deposits with ceding companies		-	-
2	Application money for investments		-	-
3	Prepayments		72,053.72	65,401.43
4	Advances to Directors / Officers		-	-
5	Advance Tax paid (Net of provision for taxation)		10,32,064.95	16,03,758.02
6	MAT Credit Entitlement		1,25,400.00	-
7	On account claim payment to Banks	600.00		600.00
	Less: Provision for Doubtful Recovery	600.00		-
		-	-	
8	Advances to Employees		1,10,603.28	1,20,339.77
9	Advance for Expenses		565.00	757.15
	TOTAL (A)		**13,40,686.95**	**17,90,856.37**
	OTHER ASSETS			
1	Income accrued on Investments		8,63,005.22	6,77,855.77
2	Outstanding Premiums		-	-
3	Agents' Balances		-	-
4	Foreign Agencies Balances		-	-
5	Due from other entities carrying on insurance		1,467.23	2,115.54
	business (including reinsurers)		-	-
6	Due from subsidiaries/holding		-	-
7	Deposit with Reserve Bank of India		99,525.00	99,525.00
	(Pursuant to section 7 of Insurance Act, 1938)			
8	Interest accrued on Housing Loan		33,633.05	34,281.34
9	Sundry Debtors-			
	Standard Asset			2,718.82
	Less : Provision for Standard Asset			10.88
	(I)	-		2,707.94
	Sub - Standard Asset	-		-
	Less : Provision for Sub - Standard Asset	-		-
	(II)	-	-	-
	Doubtful Asset	70,426.80		70,426.80
	Less : Provision for Doubtful Asset	70,426.80		70,426.80
	(III)	-	-	-
	(I + II + III)		-	2,707.94
10	Provision for claim recovery- reinsurance	8,56,260.35		8,17,844.90
	Less: Provision for Doubtful Recovery	-	-	-
		8,56,260.35	8,56,260.35	8,17,844.90
11	Provision for recovery of claims preffered/paid		2,59,428.80	1,94,557.09
12	Amount Recoverable from others	9,08,048.00		91,773.30
	Less: Provision for Doubtful Recovery	9,511.50		9,511.50
		8,98,536.50	8,98,536.50	82,261.80
13	Sundry Deposits	88,894.26		95,752.57
	Less : Provision for Doubtful Debts	3,143.52		3,143.52
		85,750.74	85,750.74	92,609.05
	TOTAL (B)		**30,97,606.89**	**20,03,758.43**
	TOTAL (A+B)		**44,38,293.84**	**37,94,614.80**

SCHEDULE -13
CURRENT LIABILITIES

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Agents' Balances	-	-
2	Balances due to other Insurance Companies	5,50,014.92	2,25,117.55
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	15,44,356.60	13,06,323.10
5	Unallocated Premium	-	-
6	Sundry Creditors	1,11,103.03	93,673.02
7	Due to subsidiaries/holding company	-	-
8	Claims outstanding	1,86,01,737.72	1,43,17,568.64
9	Due to Employees	29,421.80	1,07,831.25
10	Due to Others - NEIA	832.87	1,816.07
	- Factoring	-	479.80
	- Miscellaneous	15,820.81	12,601.47
11	Due to Insured - Unclaimed *	23,440.49	-
12	Bank Book Overdraft - Temporary	-	1,776.20
	TOTAL	**2,08,76,728.24**	**1,60,67,187.10**

* Refer Annexure 5 of note no 11 of Schedule 17

SCHEDULE -14
PROVISIONS

	Particulars	**Current Year (₹ '000)**	Previous Year (₹ '000)
1	Reserve for Unexpired Risk	38,54,725.48	28,93,899.02
2	Reserve for Premium Deficiency	-	4,81,980.95
3	Reserve for Corporate Social Responsibility	15,351.50	-
4	For Taxation		
	- Income Tax (Net of Advance Tax)	-	-
	- Wealth Tax	8,953.24	9,102.52
	- Fringe Benefit Tax (Net of Advance Tax)	-	-
5	For Proposed Dividends	2,61,000.00	1,07,469.42
6	For Dividend distribution Tax	42,340.73	18,264.43
7	For Retirement Benefits		
	- Earned Leave	2,03,746.71	1,49,179.84
	- Gratuity	15,675.44	89,325.29
	- Pension	4,14,205.00	76,500.00
	TOTAL	**48,15,998.10**	**38,25,721.47**

SCHEDULE -15
MISCELLANEOUS EXPENDITURE

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

SCHEDULE - 16

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

1.1 The financial statements are drawn up in accordance with the Regulatory provisions of section 11(1) of the Insurance Act 1938; regulations framed under Insurance Regulatory and Development Authority Act 1999, read with the provisions of sub-sections (1) , (2) and (5) of section 211 and sub-section (5) of section 227 of the Companies Act 1956. 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 by Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956 to the extent applicable, 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 XIV to the Companies Act 1956. Assets added/disposed off during the year are depreciated on a pro-rata basis with reference to the date of addition/disposal. Assets costing less than Rs. 5,000 and mobile hand sets are fully depreciated in the year of purchase.

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 31st 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 is 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 are valued at lowest of the last quoted closing price at NSE or the BSE in March. If the shares are traded/listed only on either of the stock exchanges then the quotation available on the respective stock exchanges is considered. 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 loses 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 1st and 2nd leg of the transaction is treated as income.

4.13 "Collateralised Borrowing and Lending Obligation"(CBLO), 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 CBLO 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.

5. PREMIUM INCOME

5.1 Premium Income in respect of Transfer Guarantees, Export Credit Insurance for Banks (Export Performance), Short Term Policies, Export Credit Insurance for Banks and Domestic Credit insurance policies and Domestic Credit insurance for banks, received upto the end of the year is accounted for after verification of the relevant declaration forms/documents received from exporter/bank and on receipt of premium due for the risk undertaken.

5.2 Premium Income in respect of long term policies/ Export Credit Insurance for Banks relating to Project and Term Exports, Lines of Credit and Overseas Investment Insurance, is apportioned over the period of policy/guarantee on the basis of the schedule of payments/exports as and when drawn up from time to time.

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. LIABILITY ON ACCOUNT OF CLAIMS AND ACCOUNTING OF ESTIMATED RECOVERIES.

8.1 Liability towards outstanding claims comprises of claims preferred, received and outstanding at the year end. Further the provision for Claims Incurred But Not Reported (IBNR), provision for Claims Incurred But Not Enough Reported (IBNER) and additional provision for outstanding losses, if any, are accounted for as per actuarial valuation as at end of the year.

8.2 The estimated recoveries (other than transfer delay recoveries) in respect of claims paid or provided are accounted for on the basis of assessment of each case. However, the recoveries in respect of claims paid and outstanding for recovery for more than three years as on the Balance Sheet date are estimated at Rs 100 (Rupees one hundred only) even if higher recovery provision is permissible on such assessments. The estimated recoveries on account of transfer delay claim, paid or provided for, is accounted on the basis of the Corporation's current perceptions based on the available information and past experience.

8.3 No provision is made for following Claims which are treated as Contingent Liability:

(i) Claims rejected by the Corporation 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 Corporation, incurred by the Corporation 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 The income from interest and dividends is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholder's Fund respectively at the beginning of the year. Shareholders fund consists of Share Capital and Free Reserves including Borowings. Policyholders Fund consists of provisions for outstanding claims and reserves for unexpired risks.

10.3 Printing and Stationery items are treated as consumed in the year of purchase.

11. EMPLOYEE BENEFITS:

11.1 The Corporation 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 Corporation. The Corporation 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 Corporation’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. Corporation’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 Corporation 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 Corporation contributes an equal amount in case of the eligible employees who have joined the Corporation on or after 01/01/2004, and eligible employees who have joined the Corporation on or before 31/12/2003 and have not opted for pension benefit. The Corporation has established a Provident Fund Trust to which contributions towards provident fund are made contributions towards Provident Fund are charged to the Revenue Account on an accrual basis. The Corporation guarantees a specified rate of return on such contributions on a periodical basis. The Corporation will meet the shortfall in the return, if any, which is provided for based on actuarial valuation as on the date of Balance Sheet.

11.6 Employees are eligible to receive Pension benefits through a defined benefit plan to which the Corporation contributes to the plan, @ 10%, of the covered employee’s basic salary. Employees who have joined the Corporation on or before 31/03/2010, and have opted to receive Pension benefit are covered under the Pension Plan. The Corporation 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 Corporation 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 All other Long Term Benefits are provided for on Actuarial Basis.

11.8 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 raise 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 Corporation 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 Corporation 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 percent 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. NATIONAL EXPORTS INSURANCE ACCOUNT (NEIA) TRUST ACCOUNT:

The administrative charges received from NEIA 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 excepted as stated under:

Foreign exchange gain or loss on recoveries of claims paid/provided are accounted under the head “Claims incurred (net)” and are included under the head “recovered during the year”.

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 (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulation, 2002 and other applicable provisions of the Companies Act, 1956 and the Insurance Act, 1938, pursuant to the permission granted to the Corporation by the Insurance Regulatory and Development Authority (IRDA).

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

3.1 "Buildings" under Fixed Assets include certain properties costing Rs.650.76 thousands (Previous year Rs. 650.76 thousands) where registration formalities are pending. Further it includes, properties costing Rs.57,511.06 thousands (Previous year Rs. 57,511.06 thousands), where agreements are lost / presently not available with the Corporation. However the Corporation is in the possession of the share certificates of the Cooperative institution in respect of these properties.

3.2 Intangible under Fixed Assets include perpetual licences purchased for use of software. Amount capitalised during the year in relation to acquisition of such licenses is Rs.2,648.56 thousands (previous year Rs. 3,348.20 thousands). As per the terms of agreement with the supplier, the ownership of such licences would pass to the Corporation on payment for such licences. Since the Corporation has “put to use” such licenses, the total value of such licenses have been capitalised under the head Intangible and would be amortised over a period of 5 years from the date of asset put to use.

3.3 Capital Work in Progress includes :

i) On account of Consultancy and related charges for construction of Office building Rs. 7,031.57 thousands (Previous Year Rs.15,733.57)

ii) Advance for Capital Expenses Rs. 84,075.04 thousands (Previous year Rs.6,110.21 thousands)

iii) Assets not put to use Rs. NIL (Previous Year Rs.137.57 thousands)

4. IMPAIRMENT

During the year the Corporation has provided for impairment loss amounting to Rs. Nil (previous year Rs. 621.72 thousands) on fixed assets. On sale of the impaired assets, the Corporation has reversed Impairment loss of Rs. 582.55 thousands (previous year Nil). The Balance of Impairment loss as on 31/03/2011 is Rs.39.18 thousands (Previous year Rs.621.72 thousands). In the opinion of the management no further provision for impairment loss is considered necessary.

5. ADVANCES AND OTHER ASSETS:

5.1 Advances and other assets includes:

a. Rs. 259,428.80 thousands (Previous year Rs. 194,557.09 thousands) (net of re-insurance) being the estimated amount of recovery expected out of the claims paid/payable by the Corporation, which has been recognized on individual assessment/estimate basis as per the accounting practice followed by the Corporation.

b. An amount of Rs.14,542.29 thousands (Previous year Rs. 14,900.15 thousands) deposited in the Court of Law in pursuance of Court Order for claim suits filed against the Corporation and in respect of which final decisions are awaited. The same is disclosed under Sundry Deposits.

5.2 Interest on Housing loans to employees is accounted for on accrued basis. Adjustments required, if any, are carried out at the time of final settlement.

5.3 Deposit in terms of the provisions of Section 7 of the Insurance Act, 1938 invested in the Government Securities of face value Rs. 100,000.00 thousands [Cost & Book value Rs. 99,525.00 thousands (previous year Rs. 99,525.00 thousands)], are kept in Constituent Subsidiary General Ledger (CSGL) Account with Canara Bank. These deposits are intended to be held till maturity and therefore no provision for diminution in the market value, if any, is considered.

6. CURRENT LIABILITIES:

6.1 Current Liabilities includes Rs.9,993.43 thousands (previous year Rs. 7,605.52 thousands) towards Productivity Linked Lump sum Incentive (PLLI) payable to the employees which has been accounted for based on the provisional rating of the Corporation as on 31-03-2011 under the Annual Memorandum of Understanding (MoU) with the Administrative Ministry, pending final rating to be conveyed by the Administrative Ministry.

6.2 Premium received in advance includes amounts of premium remaining to be adjusted on account of incomplete information. As per the accounting policy followed by the Corporation, the said amounts are recognized as income only after completion of necessary formalities.

6.3 As per the Accounting practice followed by the Corporation, liability towards claims preferred and outstanding is provided for based on the assessment of individual claims, liabilities towards such claims has 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 losses which is arrived at based on actuarial valuation by a consulting actuary. Accordingly an amount of Rs.69,00,000.00 thousands (Previous year Rs. 83,00,000.00 thousands) has been recognized as estimated liability towards unreported and not enough reported claims (IBNR & IBNER) and additional provision for outstanding losses.

7. REINSURANCE:

The Corporation has ceded obligatory cession of 10% (Previous year 10%) of the entire business of the Corporation (short term as well as medium and long term business) as required under the IRDA guidelines to General Insurance Corporation of India. No quota share cession (previous year 15% on Short Term business only) as well as Excess of Loss (XOL) Treaty cession (Previous year top up cover was available for Short term business only) was entered into during the year.

The re-insurance programme for the earlier years was as under:

Financial Year	Quota Share		XOL
	Obligatory	Treaty	
2007-08	15%	20%	No XOL
2008-09	10%	10%	XOL available
2009-10	10%	15%	XOL available

8. FACTORING:

A Provision of Rs. NIL thousands (Previous year Rs. 10.88 thousands) is made at the rate of 0.40% of the standard factoring dues outstanding based on IRDA norms. Further the Corporation has made a provision of Rs. NIL (previous year NIL) thousands) on account of sub-standard assets and Rs.70,426.80 thousands (Previous year 70,426.80) on account of doubtful assets factoring dues in line with the IRDA norms.

9. NATIONAL EXPORTS INSURANCE ACCOUNT (NEIA) TRUST ACCOUNT:

During the year, no new proposal was approved by the NEIA trust. The Income received by the Corporation is Rs.997.02 thousands (Previous year 1,539.99 thousands) is included in Other Income. Administrative charges received in advance are Rs.819.05 thousands (Previous year 1,816.07). The same is included in Current Liabilities – Others – NEIA.

10. PREMIUM INCOME:

As per the consistent practice followed by the Corporation, premium income is accounted for at the time of its receipt along with necessary declarations, irrespective of the date of shipment / date of advance/accounting year to which it relates.

11. ‘Sundry Creditors’ under ‘Schedule 13 - Current Liabilities’ includes an amount of Rs. 36,427.95 thousands (Previous Year Rs. Nil) on account of premium received from various banks, towards extension of cover to be given by Corporation to various banks on account of guarantees provided by the banks to an exporter - borrower. The corporation has not accepted the said amount and has communicated to the banks about its inability to extend the cover. The corporation has tried to return the amount to the said bankers who have not accepted the corporation’s stand. Accordingly the Corporation has reflected the said amount under the head ‘Dues to Others’. Further in view of the Corporation the said amount is not unclaimed amount in terms of circular no. IRDA/F&A/CIR/CMP/174/11/2010 dated November 4, 2010 issued by IRDA.

12. The Corporation on an ongoing basis recovers claims paid/provided in earlier years/current year. Such recoveries may be in foreign currency. As stated in accounting policy (Schedule 16) 16.3 the Exchange difference on such recoveries are accounted under the head “Claims incurred (net)” and are included under the head “Recovered during the year”. In view of the voluminous transactions the corporation is unable to ascertain the amount of exchange gain/loss on such transactions.

13. Balances under Sundry Debtors, Sundry Creditors and deposits, other liabilities, Loans, Advances and other Assets including amount recoverable, Sundry Deposits including personal ledger balances of insured, minimum premium account, deposit premium accounts, reinsurance accounts are subject to confirmation and consequential adjustments, if any.

14. Pursuant to the provisions of Section 441A of the Companies Act 1956, the Corporation has provided an amount of Rs. 442.73 thousands (Previous year Rs. 406.50 thousands) towards cess payable to the Central Government. The actual payment thereof shall be made once the relevant rules for such payment are announced.

15. As per Standard practice followed by the Corporation, claims are settled by the various officials of the Corporation 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 Corporation.

16. The Corporation is in the process of streamlining the Information Technology System regarding the flow of data so that precise data is available for business applications.

17. The remuneration of Chairman and Managing Director included in Employees' Remuneration and other Benefits is as under:

(₹ in '000)

Shri A V Muralidharan (upto 28/02/2011)

Particulars *	**Current Year**	**Previous Year**
Salaries	1,280.80	2,108.25
Contribution to PF	88.00	194.02
Leave Travel Concession	41.12	0.00
Medical Expenses	34.73	0.00
Total	**1,444.65**	**2,302.27**

* Does not include Actuarial Valuations.

18. Prior period adjustments include:

Debits:

(₹ in '000)

Particulars	Current Year	Previous Year
Reinsurance	2,168.58	1,468.20
Recovery	386.21	0.00
Premium	366.12	26.41
Rates & Taxes	98.90	0.00
General charges	94.56	13.69
Others	72.31	47.46
Depreciation	34.56	90.59
Consultancy	3.97	337.08
Electricity	0.00	401.50
Interest on loans	0.00	63.92
Factoring	0.00	15.00
	3,225.21	**2,463.85**

Credits: (₹ in '000)

Particulars	Current Year	Previous Year
Rent	19,666.80	0.00
Membership fee	404.89	200.00
Sundry Deposit	370.06	0.00
Commission	144.47	21.40
Repair & Maintenance - Office Premises	32.50	10.00
Others	36.29	51.00
Pension Fund	0.00	1,86,900.00
Service tax	0.00	1,701.65
Electricity	0.00	346.40
Reinsurance	0.00	182.47
	20,655.01	**1,89,412.92**

Net Debit / (Credit) in prior Period Adjustments	**(17,429.80)**	**(186,949.07)**

19. Earnings and Expenditure in Foreign Exchange:

(₹ in '000)

Earnings	**Current Year**	**Previous Year**
Claims Recovered	87,081.11	93,424.97

Expenditure	**Current Year**	**Previous Year**
Membership Fees and other expenses	3,701.58	2,715.39
Travelling expenses	1,737.76	3,091.68
Status Enquiry Fees	13,873.83	16,604.53
Books and periodicals	347.35	1,080.21
Factoring Service Charges	363.96	1,379.12
Re-insurance	13,638.99	0.00
Others	455.34	78.68
Total	**34,118.81**	**24,949.61**

20. Segmental Reporting is given in Annexure – 1 attached.

21. Related Party Disclosures pursuant to Accounting Standard no 18:

a. Key management Personnel:

i) Shri A V Muralidharan

Chairman and Managing Director (upto 28/02/2011)

ii) Shri Arvind Mehta, IAS

Chairman and Managing Director (from 01/03/2011)

b. Corporation's related parties:

i) Associates

a) National Export Insurance Account (NEIA)

ii) Entities over which Control Exists

a) The ECGC Employees Pension Fund

c. Remuneration paid to Key Management Personnel:

Shri A. V. Muralidharan, Chairman cum Managing Director (upto 28/02/2011)

(₹ in ’000)

Particulars*	**2010-11**	**2009-10**
Salaries	1,280.80	2,108.25
Contribution to PF	88.00	194.02
Leave Travel Concession	41.12	0.00
Medical Expenses	34.73	0.00
Total	**1,444.65**	**2,302.27**

* Does not include Actuarial Valuations.

d. Transactions during the year with related parties:

(₹ in ‘000)

Sl. No.	Nature of Transactions	National Export Insurance Account	The ECGC Employees Pension Fund	**Total**
1	Administrative Charges Received for the Year		0.00 (0.00)	**997.02** **(1,539.99)**
2	Administrative Charges received in advance	819.05 (1,816.07)	0.00 (0.00)	**819.05** **(1,816.07)**
4	Recovery made on a/c of claims paid under stimulus package	13.81 (0.00)	0.00 (0.00)	**13.81** **(0.00)**
5	Outstanding Dues as at year end	364.87 (0.00)	0.00 (0.00)	**364.87** **(0.00)**
6.	Contribution of Employer’s share.	0.00 (0.00)	451,402.37 (88,635.78)	**451,402.37** **(88,635.78)**

Note : Figures in bracket represents previous year’s amount.

22. **Deferred Tax Accounting**:

During the year the Corporation 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 Rs.165,838.14 thousands (Previous year Credit Rs. 184,434.07 thousands). The net deferred tax asset at the end of the year amounts to Rs.40,479.65 thousands (Previous year deferred tax asset Rs. 206,317.79 thousands). The break up of deferred tax assets and deferred tax liabilities is as under:

(₹ in ’000)

	Opening at 01.04.2010	Charge/Credit during the year	Closing at 31.03.2011
Liability			
Depreciation	59,797.26	(276.21)	59,521.05
Total	**59,797.26**	**(276.21)**	**59,521.05**
Assets			
Provision for leave encashment	40,621.50	17,298.57	57,920.07
Provision for doubtful debts	27,174.50	(418.08)	26,756.42
Provision for gratuity	30,361.50	(25,154.51)	5,206.99
Provision for CSR	0.00	5,099.38	5,099.38
PLLI	2,585.10	734.47	3,319.57
Long Service liability	1,547.20	(131.02)	1,416.18
Cess u/s. 441A of Companies Act	0.00	282.09	282.09
Provision for Premium Deficiency	163,825.25	(163,825.25)	0.00
Total	**266,115.05**	**(166,114.35)**	**100,000.70**
Deferred Tax Asset / (Liability)	**2,06,317.79**	**(1,65,838.14)**	**40,479.65**

23. Earnings Per Share is calculated as under:

		Current Year	Previous Year
a)	Numerator : Net Profit as per Profit & Loss A/c (₹ in '000)	856,645.69	537,347.12
b)	Denominator: Weighted Average Number of Shares Outstanding during the year	9,00,00,000	9,00,00,000
c)	Earnings per share: Basic (₹)	9.52	5.97
d)	Nominal Value of Shares (₹)	100.00	100.00

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

24. Other additional information required under paras 3, 4A, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is not given as the same is not applicable to the Corporation.

25. CONTINGENT LIABILITIES (₹ in '000)

Sl. 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 Corporation	21,759.00	32,547.00
3.	Policies and ECIB claims against the Corporation not acknowledged as debt and not provided for	4,229,961.50	2,535,707.00

4.	Guarantees given by or on behalf of the Corporation	NIL	NIL
5.	Capital Commitments	2,075,915.72	24,108.37

26. Premium Deficiency has been identified as on 31.03.2011 of Rs.NIL thousands (Previous year Rs. 481,980.95) as required by IRDA vide circular no. F & A/CIR/017/May-04 dated 18th May, 2004.

27. Provision for Corporate Social Responsibility

Government of India – Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide their Circular No. F.No.15(3)/2007-DPE(GM) dated April 9, 2010 have issued the guidelines to the Public Sector Enterprises to expend money on account of Corporate Social Responsibility. The Corporation has made a provision of Rs. 15,351.50 thousands (Previous Year Rs. Nil) on account of money to be expended on Corporate Social Responsibility as per the terms of the said circular.

28. 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-2A & 2B.

29. Short Term deposits with Scheduled banks (Schedule 11) includes four deposits of Rs. 9,514.96 thousand (Previous year four deposits of Rs.9,263.24 thousand.) which have been pledged with National Stock Exchange of India and Bombay Stock Exchange of India as a cash margin.

30. Investment in Central Government Securities (Schedule 8) includes

i. 7.99% 2017 Government of India bonds having book value of Rs. 49,860.00 thousands (Previous year Rs. 37,082.00 thousands 8.24% 2027 Government of India bonds) charged to Clearing Corporation of India Limited towards margin for secondary market transactions entered into by the Corporation.

ii. 8.24% 2027 Government of India bonds having book value of Rs. 9,317.00 thousands (Previous year Rs. 9,317.00 thousands 8.24% 2027 Government of India bonds) charged to Clearing Corporation of India Limited towards margin for collateral borrowing and lending obligations by the Corporation.

31. EMPLOYEE BENEFITS:

31.1 Provision for Leave Travel Concession is based on Actuarial Valuation.

31.2 The Defined Benefit Pension Scheme is to be extended to include all employees who joined the Corporation on or before 31/03/2010 as per letter given by the Ministry of Commerce, Government of India. The Employees who had joined the Corporation between 01/01/2004 and 31/03/2010 have an option to continue with the Provident Fund scheme. Employees joining the Corporation on or after 01/04/2010 shall be covered by a Defined Contribution Pension Scheme to be framed by the Corporation. Accordingly the Corporation has made a provision of Rs. 76,227.00 thousands (Previous year NIL) assuming that all 85 employees who have joined between 01/01/2004 and 31/03/2010 would opt for switching to Defined Benefit Pension Scheme.

31.3 In case of employees who are eligible for pension, the Corporation remits the contribution to the Pension Fund. For the other employees, the Corporation remits the Corporations share to the Provident Fund Trust.

31.4 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.

31.5 As the corpus of the Provident fund and earnings there on are sufficient to meet the requirement of the Interest payable on the provident fund, no provision for the same and specific disclosure on account of provision is made in the account.

31.6 The details of employee benefits for the period on account of gratuity superannuation which are funded defined employee benefit plans are as under.

Pension **(₹ in '000)**

	Category	2010-11	2009-10
1	**Change in benefit Obligations**		
	Projected benefit obligations at the beginning of the year	**879,400.00**	**771,800.00**
	Interest Cost	70,352.00	57,908.00
	Current Service Cost	35,081.00	33,200.00
	Liability Transferred in*	83,904.00	
	Benefits paid	(88,700.00)	(65,800.00)
	Actuarial (Gain) / Loss	343,945.00	82,292.00
	Projected benefit obligations at the end of the year	**1,323,982.00**	**879,400.00**
2	**Change in Plan Assets**		
	Plan assets at the beginning of the year at fair value	**802,900.00**	**835,900.00**
	Expected return on plan assets	64,232.00	66,872.00
	Contributions	113,700.00	(43,000.00)
	Assets Transferred in*	7,677.00	
	Benefits paid	(88,700.00)	(65,800.00)
	Actuarial Gain / (Loss)	9,968.00	8,928.00
	Plan assets at the end of the year, at fair value	**909,777.00**	**802,900.00**
3	Present Value Of The Defined Benefit Obligation	**1,323,982.00**	**879,400.00**
	Plan Assets at the end of the year at fair value	**909,777.00**	**802,900.00**
	Liability recognised in the Balance Sheet	**(414,205.00)**	**(76,500.00)**
4	**Cost for the year**		
	Current Service Cost	35,081.00	33,200.00
	Interest Cost	70,352.00	57,908.00
	Expected return on plan assets	(64,232.00)	(66,872.00)
	Acturial (Gain) / Loss	333,977.00	73,364.00
	Expense Recognised in the Revenue account	**375,178.00**	**97,600.00**

* Note: Liability and Assets transferred in refers to amount of additional obligation on Corporation on account of assumption that 85 employees who joined between 01/01/2004 and 31/03/2010 will opt for Defined Benefit Pension Scheme.

Gratuity **(₹ in '000)**

	Category	2010-11	2009-10
1	**Change in benefit Obligations**		
	Projected benefit obligations at the beginning of the year	**176,634.36**	**111,174.71**
	Interest Cost	14,130.75	8,599.39
	Current Service Cost	7,586.84	2,545.80
	Past Service Cost – Vested Benefit	0.00	41,328.61
	Benefits paid	(6,518.42)	(5,521.40)
	Actuarial (Gain) / Loss	48,580.34	18,507.25
	Projected benefit obligations at the end of the year	**240,413.87**	**176,634.36**
2	**Change in Plan Assets**		
	Plan assets at the beginning of the year at fair value	**87,309.07**	**78,550.19**
	Expected return on plan assets	6,984.73	6,593.77
	Contributions	131,068.95	6,632.59
	Benefits paid	(6,518.42)	(5,521.40)
	Actuarial Gain / (Loss)	5,894.10	1,053.92
	Plan assets at the end of the year, at fair value	**224,738.43**	**87,309.07**
3	Present Value Of The Defined Benefit Obligation	**240,413.87**	**176,634.36**
	Plan Assets at the end of the year at fair value	**224,738.43**	**87,309.07**
	Liability recognised in the Balance Sheet	**(15,675.44)**	**(89,325.28)**
4	**Cost for the year**		
	Current Service Cost	7,586.84	2,545.80
	Interest Cost	14,130.75	8,599.39
	Expected return on plan assets	(6,984.73)	(6,593.77)
	Acturial (Gain) / Loss	42,686.25	17,453.33
	Past Service Cost – Vested Benefit	0.00	41,328.61
	Expense Recognised in the Revenue account	**57,419.11**	**63,333.36**

	Category		Pension	Gratuity
5	**Assumptions**			
	Interest rate for Discounting (%)		**8.25%** **(8.00%)**	**8.25%** **(8.00%)**
	Estimated rate of return on plan assets (%)		**8.00%** **(8.00%)**	**8.00%** **(8.00%)**
6	**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 Corporation 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 is Rs. 66,506.29 thousands (Previous year Rs.74,362.65 thousands)

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

a) in the form of loan from IDBI Bank for its full-fledge Factoring Scheme. The details are as under :

Sr. No.	Particulars	Foreign Currency	Indian Rupees (‘000)
i	IDBI Loan Account	Euro – 0.00 Euro - (45,594.90)	0.00 (2,718.82)

Note : Figures in bracket represents previous year's amount.

ii) Sundry Creditors:

	As on 31st March 2011	As on 31st March 2010
Foreign Currency	USD 0.00	USD 263,000.00
Indian Rupees	0.00 thousands	11,987.54 thousands

34. Information required under Part IV of Schedule VI of the Companies Act, 1956 is given in Annexure – 3 attached.

35. The details to be disclosed as per the provisions of the MSMED Act, 2006 are as under:

Particulars	As at March 31, 2011	As at March 31, 2010
Amount outstanding	Nil	Nil
Delayed Payments made through-out the year	Nil	Nil
Interest payable where principal dues are settled after due date	Nil	Nil

36. Pursuant to the regulatory requirement vide IRDA circular no. 067/IRDA/F&A/CIR/MAR-08 dt. 28/03/2008 the additional disclosure is given as under:

Sr. No	Particulars	Expenses in Current Year (₹ '000)	Expenses in Previous Year (₹ '000)
I	Outsourcing Expenses	Nil	Nil
ii	Business Development	16,170.88	11,380.13
iii	Marketing Support	91,578.07	135,232.57

37. The recoveries of claims paid in earlier years (Schedule 2) are accounted net of expenses such as recovery commission, bank charges, service tax etc incurred on such recoveries as per the practice consistently followed by the corporation.

The details of recoveries made during the year and the expenses incurred are as under:

(₹ in '000)

Particulars	Current year	Previous year
Total recovery	1,427,636.06	1,408,806.63
Expenses incurred on such recovery including Recovery Commission, service tax etc	66,971.00	75,611.46
Net recovery shown in the books of accounts.	1,360,665.06	1,333,195.17

38. RATIOS FOR NON – LIFE COMPANIES

Information in respect of ratios are as per Annexure – 4 attached.

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

	Premium Statistics for the Period April 2010 to March 2011				
	Premium				
	Premium	Retention	%	RI Ceding	%
2010-11	8,854,669.25	7,709,450.96	87.07%	1,145,218.29	12.93%
2009-10	8,129,964.48	5,787,798.05	71.19%	2,342,166.43	28.81%

40. Statement showing Age-wise Analysis of un-claimed Amount of the policy-holders as per IRDA Circular no. IRDA/F&I/CIR/CMP/174/11/2010 dated 04/11/2010 is given in Annexure 5.

41. Pursuant to the regulatory requirement vide IRDA circular no. 005/IRDA/F&A/CIR/MAY-09 dt. 07-05-2009 the additional disclosure is given as under:

Sl. No	Authority	Non-Compliance / Violation	Amount in ₹ '000		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1.	Insurance Regulatory and Development Authority	NIL			
2.	Service Tax Authorities	NIL			
3.	Income Tax Authorities	NIL			
4.	Any other Tax Authorities	NIL			
5.	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	NIL			
6.	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	NIL			
7.	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	NIL			
8.	Securities and Exchange Board of India	Not Applicable as the Corporation is not a Listed Entity			
9.	Competition Commission of India	NIL			
10.	Any other Central/State/Local Government / Statutory Authority	NIL			

As certified by the management

42. Figures relating to previous years have been re-grouped / re-classified in the following cases:

Information in respect of re-grouping / re-classification are as per Annexure – 6 attached.

Signatories to Schedule 1 to 17

(ARVIND MEHTA)	**(YOGESH LOHIYA)**	**(VASANT MEHTA)**
Chairman cum Managing Director	Director	Director

(RAKESH KUMAR JAIN)
AGM & Company Secretary

Place: New Delhi

Dated: 09th June 2011

As per our attached Report of even date

For Lakhani & Co.	**For M B Agrawal & Co.,**
Chartered Accountants	Chartered Accountants
(SAILESH KATUDIA)	**(HARSHAL AGRAWAL)**
Partner	Partner

Place: New Delhi

Dated: 09th June 2011

SEGMENT DISCLOSURES PURSUANT TO ACCOUNTING STANDARD -17

Annexure - 1 to Schedule 17

Figures in ₹ '000

PRIMARY BUSINESS SEGMENT	Current Year						Previous Year					
	Policy	**ECIB**	**Factoring**	**NEIA**	**DCIE**	**Total**	**Policy**	**ECIB**	**Factoring**	**NEIA**	**DCIE**	**Total**
Segment Revenue												
Premium Income from external customers (Net of Refund / Reinsurance Premium)	30,43,071.35	46,56,829.20	0.00	0.00	9,550.41	77,09,450.96	22,65,295.83	35,09,234.46	0.00	0.00	13,267.76	57,87,798.05
Fees & Other receipts	6,431.48	723.02	0.00	0.00	66.00	7,220.50	5,744.62	480.90	75.00	0.00	83.00	6,383.52
Interest & Claims & premium & Other receipts	437.11	34,327.60	0.00	0.00	0.00	34,764.71						
NEIA	0.00	0.00	0.00	997.02	0.00	997.02	0.00	0.00	0.00	1,539.99	0.00	1,539.99
Ceding Commission	59,215.09	76,498.44	0.00	0.00	311.10	1,36,024.63	1,31,075.33	2,19,794.51	0.00	0.00	0.00	3,50,869.84
Inter segment Revenue												
Factoring income	0.00	0.00	59.59	0.00	0.00	59.59	0.00	0.00	6,074.67	0.00	0.00	6,074.67
Change in Reserve for Unexpired Risks	(3,89,661.83)	(5,73,023.30)	0.00	0.00	1,858.67	(9,60,826.46)	(1,20,694.36)	98,855.44	0.00	0.00	(6,010.05)	(27,848.97)
Total Segment Revenue	**27,19,493.20**	**41,95,354.96**	**59.59**	**997.02**	**11,786.18**	**69,27,690.95**	**22,81,421.42**	**38,28,365.31**	**6,149.67**	**1,539.99**	**7,340.71**	**61,24,817.10**
Segment Expenditure												
Claims (Net of Recoveries)*	(5,61,769.95)	81,37,952.54	(4,995.48)	0.00	3,199.71	75,74,386.82	24,96,344.37	42,64,828.91	(9,841.81)	0.00	428.48	67,51,759.95
Factoring expenses	0.00	0.00	48.47	0.00	0.00	48.47	0.00	0.00	4,272.31	0.00	0.00	4,272.31
Provision for Standard , Sub standard & Doubtful Asset	600.00	0.00	0.00	0.00	0.00	600.00	0.00	0.00	70,437.68	0.00	0.00	70,437.68
Provision for Premium Deficiency	(1,44,594.29)	(3,37,386.67)	0.00	0.00	0.00	(4,81,980.96)	1,44,594.29	3,37,386.67	0.00	0.00	0.00	4,81,980.95
Commission Paid Direct	40,703.59	0.00	0.00	0.00	0.00	40,703.59	35,175.30	0.00	0.00	0.00	0.00	35,175.30
Total	**(6,65,060.64)**	**78,00,565.87**	**(4,947.01)**	**0.00**	**3,199.71**	**71,33,757.92**	**26,76,113.97**	**46,02,215.58**	**64,868.18**	**0.00**	**428.48**	**73,43,626.19**
Segment Result (Profit before Interest, Tax and Exceptional Items)	33,84,553.84	(36,05,210.91)	5,006.60	997.02	8,586.47	(2,06,066.97)	(3,94,692.55)	(7,73,850.27)	(58,718.51)	1,539.99	6,912.24	(12,18,809.12)
Add : Unallocable Income net of Unallocable Expenditure						13,83,090.46						18,75,142.28
Less : Provision for Doubtful Debts						0.00						712.47
Less : Interest & Finance charges						760.05						828.72
Profit Before Tax						11,76,263.44						6,54,792.01
Less: Prior Period Items & Tax adjustment earlier years						(39,320.40)						(1,58,121.04)
Provision for Fringe Benefit Tax						0.00						0.00
Provision for Deferred Tax						1,65,838.14						(1,84,434.07)
Provision for Tax						3,18,500.00						4,60,000.00
Less : MAT Credit Receivable						(1,25,400.00)						
Profit After Tax						8,56,645.70						5,37,347.12

Carrying Amount of Segment Assets	29,817.14	2,29,611.36	0.00	0.00	0.00	2,59,428.50	41,274.70	1,57,583.09	3,252.03	0.00	0.00	2,02,109.82
Unallocated Assets including Fixed Assets (Not allocable to any specific segment)						4,60,55,525.61						3,99,21,154.11
Total Assets						**4,63,14,954.11**						**4,01,23,263.93**
Carrying Amount of Segment Liablities	37,09,067.12	1,64,51,194.70	0.00	819.05	912.02	2,01,61,992.89	51,89,348.32	1,10,54,974.98	3,214.76	997.02	3,095.82	1,62,51,630.90
Unallocated Liablities (Not allocable to any specific segment)						55,30,733.45						42,82,206.15
Total						**2,56,92,726.34**						**2,05,33,837.05**
Share Capital						90,00,000.00						90,00,000.00
Reserve & Surplus						1,08,27,090.46						1,02,73,785.49
Fair Value Change Account						7,95,137.30						3,15,641.38
Total Liablities						**4,63,14,954.11**						**4,01,23,263.93**

Secondary Segment - Not Applicable

Types of Products/ Services in each Business Segment

POLICIES	**ECIB**	**Domestic Credit Insurance**	**NEIA**
Standard Policy	Packing Credit	DCIE - Standard Policy	National Export Insurance Account
Small Exporter's Policy	Post-Shipment Credit	DCIE - Single Buyer Exposure Policy	
Specific Policy	Export Performance Guarantee	DCIE - Multi Buyer Exposure Policy	
Turnover Policy	Investment Guarantee		
Buyerwise Policy		DCIB - individual Packing Credit	
Transfer Guarantee	**Factoring**	DCIB - individual Post Shipmentt	
Factoring Services			
Buyerwise Exposure Policy	Full-fleged factoring scheme		
Consigment Export Policy			
Software Project Policy			
IT - Enabled Services Policy			

* Provision for IBNR & Premium Deficiency has been taken as 30% for Policy and 70% for ECIB as per Management Estimates on consistent basis as in the previous year.

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LIMITED
MUMBAI

Annexure - 2 (a) to Schedule 17

DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

		Current Year (₹ '000)	Previous Year (₹ '000)
1	The details of encumbrances to the assets of the Corporation are as under		
	a) In India	99,525.00	99,525.00
	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)	20,75,915.71	24,109.37
3	Claims, less reinsurance, paid to claimants		
	a) In India	46,02,891.99	42,27,401.71
	b) Outside India	Nil	Nil
4	There are no claim liabilities where claim payment period exceeds four years	Nil	Nil
5	Claims outstanding for more than six months (Gross - Indian)		
	Number of Claims	91	31
	Amount	53,39,934.90	13,82,960.68
	Claims outstanding for less than six months (Gross - Indian)		
	Number of Claims	314	358
	Amount	1,03,32,053.62	69,10,024.68
	Total Number of Claims outstanding (Gross - Indian)	405	307
	Amount	1,56,71,988.52	82,92,985.36
6	Premiums, less reinsurance, written from business		
	In India	77,09,450.96	57,87,798.05
	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.	38,54,725.48	28,93,899.02
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

		Current Year (₹ '000)	Previous Year (₹ '000)
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 Corporation is exempted vide notification: GSR 235, dated 31st January 1978 u/s 620 of the Companies Act, being a Government Company.		
12	Basis of amortisation of debt securities		
	Provision for diminution in the value of the investments	Nil	Nil
13			
	a) Unrealised gains and losses due to changes in fair value of listed equity shares under Fair value change a/c	7,95,137.30	3,15,641.38
	b) Pending realisation,credit balance in Fair value change a/c not available for distribution.	7,95,137.30	3,15,641.38
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	Nil
	Amount	Nil	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)	99,525.00	99,525.00
	b) Outside India	Nil	Nil
	2 Segregation of Investments into performing and non-performing investments is as under		
	Performing(Standard) Investments	3,16,35,615.54	2,62,04,589.76
	Non Performing Investments	Nil	Nil
	Total Book Value(Closing Value)	3,16,35,615.54	2,62,04,589.76
	3 Percentage of business sectorwise — As the corporation caters to exporters only, no such sectors are specifically identifiable.		
	4 A summry of financial statements for 5 years is enclosed.	As per Annexure 2b	As per Annexure 2b

	Current Year (₹ '000)	Previous Year (₹ '000)	
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)			**Growth %**
Gross Premium	88,54,669.25	81,29,964.48	8.91%
Net Premium	77,09,450.96	57,87,798.05	33.20%
Net Retention Ratio (%) (Net Premium/Gross Premium)	87.07%	71.19%	22.30%
Profit before Tax to Share Capital (%)	13.07	7.28	79.53%
Profit before Tax to Networth (%)	5.70	3.34	70.66%
Profit after Tax to Networth (%)	4.15	2.74	51.46%
Expenses of Management to Gross Premium (%)	17.90	14.26	25.53%
PBDIT to Total Employment	2124.98	1197.21	77.49%
Technical Reserves to Net Premium			
Unexpired Risks Reserve	38,54,725.48	28,93,899.02	33.20%
Outstanding Claims	1,86,01,737.73	1,43,17,568.64	29.92%
Total Technical Reserves	2,24,56,463.21	1,72,11,467.67	30.47%
Net Premium	77,09,450.96	57,87,798.05	33.20%
Ratio	2.91	2.97	-2.05

EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LTD

DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

Annexure - 2 (b) to Schedule 17

(₹ '000)

		2010-11	2009-10	2008-09	2007-08	2006-07
	Operating Results					
1	**Gross Premium Written**	**8,854,669.25**	8,129,964.48	7,446,767.85	6,683,662.08	6,176,607.46
2	**Net Premium Income**	**7,709,450.96**	5,787,798.05	5,732,100.10	4,773,279.14	6,141,924.20
3	**Income from Investments (Net)**	**2,801,745.66**	2,774,109.81	2,871,849.36	2,773,561.94	2,161,127.68
4	**Other Income**	**166,852.16**	161,074.93	557,160.68	40,137.37	20,820.13
5	**Total Income**	**10,678,048.79**	8,772,982.78	9,161,110.14	7,586,978.45	8,323,872.01
6	**Commission**	**(95,321.04)**	(315,694.54)	(247,645.11)	(340,799.17)	(1,681.01)
7	**Brokerage**	**Nil**	Nil	Nil	Nil	Nil
8	**Operating Expenses**	**1,543,874.08**	1,123,841.59	994,142.25	1,044,755.53	739,552.22
9	**Claims, Increase in Un-expired Risk Reserve and other outgos**	**(8,535,213.27)**	(6,779,608.92)	(4,031,737.22)	524,554.48	2,068,578.50
10	**Operating Profit / Loss**	**1,176,263.43**	654,792.00	4,382,875.78	7,717,496.76	5,517,422.30
11	**Prior Period Adjustments and Deffred tax Adjustment**	**126,517.73**	(342,555.11)	10,435.44	210,506.58	(57,739.03)
12	**Profit / (Loss) before tax after Prior Period & Deffered Tax Adjustments**	**1,049,745.69**	997,347.12	4,372,440.34	7,506,990.18	5,575,161.33
13	**Provision for tax**	**193,100.00**	460,000.00	1,538,551.16	2,712,684.98	1,878,200.00
14	**Net Profit / (Loss) after tax**	**856,645.69**	537,347.12	2,833,889.18	4,794,305.20	3,696,961.33
15	**Paid up Equity Capital**	**9,000,000.00**	9,000,000.00	9,000,000.00	9,000,000.00	8,000,000.00
16	**Net Worth (End of year)**	**20,622,227.75**	19,589,426.87	18,862,172.23	18,134,193.05	14,291,449.70
17	**Total Assets**	**20,622,227.77**	19,592,145.70	19,175,473.46	18,219,029.22	14,291,449.70
18	**Yield on total Investments (%)**	**7.78**	8.62	9.72	9.83	8.14
19	**Earnings Per Share**	**9.52**	5.97	31.49	59.31	47.70
20	**Book Value per share (Rs.)**	**229.14**	217.66	209.58	201.49	178.64
21	**Total Dividend (inclu. Div.Tax)**	**303,340.73**	125,733.85	2,105,910.00	1,925,019.00	1,390,250.00
22	**Dividend per share (Rs.)**	**2.90**	**1.19**	20.00	18.00	15.63

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT,1956

Annexure – 3 to Schedule 17

(₹ in ' 000)

I. Registration Details

Registration Number	1 0 9 1 8
State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 1 1

II. Capital Raised During the Year

Public Issue	N I L
Rights Issue	N I L
Bonus Issue	N I L
Private Placement (Govt. of India)	N I L

III. Position of Mobilisation and Deployment of funds

Total Liabilities	4 6 3 1 4 9 5 4
Total Assets	4 6 3 1 4 9 5 4

Sources of Funds

Paid up Capital	9 0 0 0 0 0 0
Reserves & Surplus*	1 1 6 2 2 2 2 8
Secured Loans	N I L
Unsecured Loans	N I L

Application of Funds

Net Fixed Assets	1 4 3 1 9 4 7
Investments	3 1 6 3 5 6 1 5
Net Current Assets	- 1 2 4 8 5 8 1 4
Deferred Tax Asset	4 0 4 7 9
Loans	N I L

IV. Performance of the Company

Total Income	9 7 1 7 2 2 2
Total Expenditure	8 5 4 0 9 5 9
Profit Before Tax	1 1 7 6 2 6 3
Profit After Tax	8 5 6 6 4 5
Earning Per Share (Rs.)	9 . 5 2
Dividend Rate (%)	2 . 9 0

V. Generic Names of Principal Products/ Services of the Company

Item Code No.	N A
Product Description	N A

* Includes balance in fair Value Change Account.

(ARVIND MEHTA)
Chairman cum Managing Director

(YOGESH LOHIYA)
Director

(VASANT MEHTA)
Director

(RAKESH KUMAR JAIN)
Company Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

For LAKHANI & CO.
Chartered Accountants

For M. B. AGRAWAL & CO.
Chartered Accountants

(SAILESH KATUDIA)
Partner

(HARSHAL AGRAWAL)
Partner

Place : New Delhi
Dated : 09th June 2011

INFORMATION IN RESPECT OF RATIOS FOR NON LIFE COMPANIES

Annexure 4 to Schedule 17

(Amount in ₹ ' 000)

Sl. No	Particular	31st March 2011	31st March 2010
1	Gross premium growth Rate		
	Total Gross Premium	88,54,669.25	81,29,964.48
	Growth	8.91%	9.17%
2	Gross Premium to shareholders' fund ratio:		
	Gross Premium	88,54,669.25	81,29,964.48
	Share Holders Fund (Opening)	1,95,89,426.87	1,85,59,749.21
	Ratio	45.20%	43.80%
3	Growth rate of shareholders' funds:		
	Share Holder Fund at the beginning of the Year	1,95,89,426.87	1,85,59,749.21
	Share Holder Fund at the end of the Year	2,06,22,227.75	1,95,89,426.88
	Ratio	5.27%	5.55%
4	Net retention ratio (Net premium divided by gross premium)		
	Net Premium	77,09,450.96	57,87,798.05
	Gross Premium	88,54,669.25	81,29,964.48
	Retention Ratio	87.07%	71.19%
5	Net commission ratio		
	Net Commission	(95,321.04)	(3,15,694.54)
	Net Premium	77,09,450.96	57,87,798.05
	Ratio	-1.24%	-5.45%
6	Expenses of Management to gross direct premium ratio		
	Expenses of Management	15,84,577.67	11,59,016.89
	Gross Direct Premium	88,54,669.25	81,29,964.48
	Ratio	17.90%	14.26%
7	Combined ratio:		
	Gross Incurred Claims	75,74,386.81	67,51,759.95
	Expenses of Management	15,84,577.67	11,59,016.89
	Total	91,58,964.48	79,10,776.84
	Gross Direct Premium	88,54,669.25	81,29,964.48
	Ratio	103.44%	97.30%
8	Technical reserves to net premium ratio		
	Reserve for Outstanding Claims	1,86,01,737.73	1,43,17,568.64
	Reserve for Un-expired Risks	38,54,725.48	28,93,899.02
	Reserve for Premium Deficiency	-	4,81,980.95
	Total	2,24,56,463.21	1,76,93,448.61
	Net Premium	77,09,450.96	57,87,798.05
	Ratio	291.28%	305.70%
9	Underwriting balance ratio		
	Underwriting Profit	(22,45,195.46)	(17,12,103.89)
	Net Premium	77,09,450.96	57,87,798.05
	Ratio	-29.12%	-29.58%
10	Operating profit ratio		
	Underwriting Profit	(22,45,195.46)	(17,12,103.89)
	Investment Income	28,01,745.66	27,74,109.81
	Others	1,66,852.16	1,61,074.92
	Operating Profits	7,23,402.36	12,23,080.84
	Net Premium	77,09,450.96	57,87,798.05
	Ratio	9.38%	21.13%

11	Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities) Liquid Assets* Policy Holder Liabilities** Ratio	 9,968,620.58 22,456,463.21 44.39%	 9,981,853.16 17,693,448.62 56.42%
12	Net Earnings Ratio: Profit After Tax Net Premium Ratio	 856,645.69 7,709,450.96 11.11%	 537,347.12 5,787,798.05 9.28%
13	Return on net worth Profit After Tax Net Worth Ratio	 856,645.69 20,622,227.75 4.15%	 537,347.12 19,589,426.88 2.74%
14	Actual Solvency to Required Solvency margin Ratio Actual Solency Margin Required Solvency Margin Ratio (Times)	 205,655,813.98 22,723,161.00 9.05	 192,242,160.00 13,563,850.00 14.17
15	NPA ratio **Investment:** **Factoring**	 0% 100%	 0% 96.20%

* Cash & Bank Balances, Short term loans & ST Investments and advances and deposits except RBI deposits

** Reserve for un-expired risks, Provision for claims on hand, Liability towards re-insurance & Premium received in advance

Annexure 5 to Schedule 17

Due to insurers - Unclaimed as on 31 03 2011

Amount in ₹ ' 000

Sl. No	Particulars	Total Amount	AGE-WISE ANALYSIS						
			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	8,684.06	1,452.46	1,493.61	1,484.50	1,560.59	1,532.10	1,160.80	-
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	6,156.93	3,287.94	906.58	491.31	958.58	41.28	3.36	467.88
4	Cheques issued but not encashed by the policyholder/ insured	8,599.50	2,949.34	118.46	5,468.95	16.84	9.20	10.00	26.71
	Total	23,440.49	7,689.74	2,518.65	7,444.76	2,536.01	1,582.58	1,174.16	494.59

Note : 1) This being the first year of applicability of circular IRDA/F&A/CIR/CMP/174/11/2010 dated November 4, 2010 issued by IRDA previous year figures have not been disclosed.

2) 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 entiltled to encash the cheque anytime till the validity of cheque. Accordingly the amount of such cheques need not be classified as unclaimed.

Details of the major Regrouping done during the year

Annexure 6 to Schedule 17

Particulars	Current Year		Previous Year		Reason
	Schedule	Amount (Rs. '000)	Schedule	Amount (Rs. '000)	
Capital Work in Progress	10	91,106.61	12	6,110.21	Better Presentation
Interest on Claims & Premium	Revenue Account	34,442.19	P&L Account	31,022.39	Income related to Insurance Business shifted from P&L account to Revenue account.
Miscellaneous Income	Revenue Account	18,428.08	P&L Account	107,505.11	Income related to Insurance Business shifted from P&L account to Revenue account.
Provision for claim recovery-reinsurance	12	8,56,260.35	13	638,209.66	Liability adjusted from the Asset Account.
Claims outstanding	13	1,86,01,737.72	12	638,209.66	

Export Credit Guarantee Corporation of India Limited

Receipts & Payments Account / (Cash Flow Statement) for the year ended 31st March 2011

Registration No 124 **Date of registration: 27th September 2002**

(Amount in ₹ ' 000)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITY		
Premium received from Policyholder including Advance Receipts	91,09,177.17	8,310,296.03
Other Receipts	43,218.03	22,021.89
Payments to Reinsurers net of commission and claims	8,36,169.44	(202,508.02)
Income from Factoring Activity (Net)	21.85	2,989.00
Amount given to Factoring debtors	(852.10)	(300,912.20)
Amount received from Factoring debtors	3,573.67	729,604.58
Payments of Claims	(62,05,271.60)	(6,383,279.65)
Payments of Commission & Brokerage	(40,703.59)	(35,175.30)
Payments of Other Operating expenses	(11,70,174.12)	(553,966.45)
Deposits, Advances & Staff Loan	21,722.68	11,784.63
Service Tax Paid	(9,365.10)	(10,234.16)
Income Tax Paid	(5,00,132.93)	(1,244,845.95)
Refund of Income Tax	0.00	0.00
Other Payments/Collection (net)	(8,626.05)	(3,404.99)
Recoveries	13,70,517.04	1,317,393.16
Net Cash Flow from Operating Activities (A)	**34,49,274.39**	**1,659,762.55**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets (including Advance payment)	(1,22,806.62)	(39,933.30)
Income from Investment	25,44,799.49	2,468,709.98
Sale of Investment	1,97,11,076.14	44,459,542.61
Sale of Assets	1,388.01	633.43
Purchase of Investments	(2,46,07,637.22)	(59,396,569.21)
Net Cash Flow from Investing Activities (B)	**(24,73,180.21)**	**(12,507,616.49)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt on issue of Share capital	0.00	0.00
Loan accepted during the year	846.68	338,753.61
Loan repaid during the year	(3,565.50)	(649,336.00)
Dividend Paid	(1,07,469.42)	(810,000.00)
Dividend Tax	(18,264.43)	(137,659.50)
Net Cash Flow from Financing Activities (C)	**(1,28,452.68)**	**(1,258,241.89)**
Net Cash Flow (A+B+C)	**8,47,641.506**	**(12,106,095.83)**

Cash and Cash equivalent	**Current Year**	**Previous Year**
-- At the beginning of the year		
As per Balance Sheet	79,20,976.95	20,017,852.79
Add: Provision for Remittance in transit (Non Cash)	0.00	9,220.00
Total (A)	**79,20,976.95**	**20,027,072.79**
-- At the end of the year		
As per Balance Sheet	87,68,618.46	7,922,753.16
Add: Provision for Remittance in transit (Non Cash)	0.00	0.00
Less: Temporary Bank Book Overdraft (Refer Schedule – 13)	0.00	1,776.20
Total (B)	**87,68,618.46**	**7,920,976.96**
Change in Cash and Cash equivalent (A-B)	**(8,47,641.50)**	**12,106,095.83**

(ARVIND MEHTA)
Chairman cum Managing Director

(YOGESH LOHIYA)
Director

(VASANT MEHTA)
Director

(RAKESH KUMAR JAIN)
Company Secretary

AS PER OUR ATTACHED REPORT OF EVEN DATE

For LAKHANI & CO.
Chartered Accountants

For M. B. AGRAWAL & CO.
Chartered Accountants

(SAILESH KATUDIA)
Partner

(HARSHAL AGRAWAL)
Partner

Place : New Delhi
Dated : 09th June 2011

प्रबंधन रिपोर्ट

Management Report

MANAGEMENT REPORT AS REQUIRED IN PART IV OF SCHEDULE 'B' OF INSURANCE REGULATORY & DEVELOPMENT AUTHORITY (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 is valid during the year. The same is renewed for the year 2010-11 vide their certificate no: 304 dated 10/03/2010.

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 Corporation is Rs. 781,418,664.00 thousands against the enhanced Maximum Liability of Rs 1000,000,000.00 thousands by Ministry of Commerce vide letter dated 20.04.2009. Risk exposure of the Corporation is well within the relevant limits stipulated by IRDA in this regard for general insurance companies.

8. We have no overseas operations.

9. Ageing of claims indicating the trend in average claims settlement time during the preceding five years is as per details below :

Year	Number of Days
2010-2011	70
2009-2010	50
2008-2009	47
2007-2008	42
2006-2007	36

Ageing of claims outstanding during the preceding 5 years is as per details below:

Claims Pending As on 31/03/2011, FY 10 11

(Rs in '000)

Period	ECIB		Policy		Total	
	NO	Amount Involved	No	Amount Involved	No	Amount Involved
30 Days	52	2,120,655.05	125	502,332.76	177	2,622,987.81
30 Days to 6 Months	106	7,438,037.51	31	271,028.30	137	7,709,065.81
6 Months to 1 Year	65	3,945,669.16	0	-	65	3,945,669.16
1 year to 5 years	26	1,394,265.73	0	-	26	1,394,265.73
5 years & above	-	-	-	-	-	-
Total	249	14,898,627.45	156	773,361.06	405	15,671,988.51

Claims Pending As on 31/03/2010, FY 09 10

(Rs in '000)

Period	ECIB		Policy		Total	
	NO	Amount Involved	No	Amount Involved	No	Amount Involved
30 Days	70	1,449,359.43	122	592,043.04	192	2,041,402.47
30 Days to 6 Months	96	4,573,934.69	70	294,687.52	166	4,868,622.21
6 Months to 1 Year	-	-	22	898,133.51	22	898,133.51
1 year to 5 years	-	-	9	484,827.18	9	484,827.18
5 years & above	-	-	-	-	-	-
Total	166	6,023,294.12	223	2,269,991.25	389	8,292,985.37

Claims Pending As on 31/03/2009, FY 08 09

(Rs in '000)

Period	ECIB		Policy		Total	
	NO	Amount Involved	No	Amount Involved	No	Amount Involved
30 Days	41	739,156.53	135	1,595,092.11	176	2,334,248.63
30 Days to 6 Months	78	2,217,936.33	49	497,308.94	127	2,715,245.28
6 Months to 1 Year	1	126,810.00	2	16,014.88	3	142,824.88
1 year to 5 years	-	-	-	-	-	-
5 years & above	-	-	1	17,282.95	1	17,282.95
Total	120	3,083,902.86	187	2,125,698.88	307	5,209,601.73

Claims Pending As on 31/03/2008 , FY 07 08

(Rs in '000)

Period	ECIB		Policy		Total	
	NO	Amount Involved	No	Amount Involved	No	Amount Involved
30 Days	100	1,863,145.94	88	336,063.62	188	2,199,209.56
30 Days to 6 Months	45	1,267,111.01	26	94,676.97	71	1,361,787.98
6 Months to 1 Year	11	211,027.77	7	19,763.65	18	230,791.41
1 year to 5 years	1	1,033.14	1	157.27	2	1,190.41
5 years & above	-	-	-	-	-	-
Total	157	3,342,317.86	122	450,661.50	279	3,792,979.37

Claims Pending As on 31/03/2007 , FY 06 07

(Rs in '000)

Period	ECIB		Policy		Total	
	NO	Amount Involved	No	Amount Involved	No	Amount Involved
30 Days	130	1,488,543.83	155	719,701.91	285	2,208,245.75
30 Days to 6 Months	87	859,837.25	26	118,273.64	113	978,110.88
6 Months to 1 Year	46	356,113.69	-	-	46	356,113.69
1 year to 5 years	52	1,123,760.56	5	84,873.98	57	1,208,634.54
5 years & above	-	-	-	-	-	-
Total	315	3,828,255.32	186	922,849.53	501	4,751,104.85

10. We certify that the Investments have been valued according to the guidelines issued by Insurance Regulatory & Development Authority.

11. All Investment assets are reviewed periodically and we confirm that there are no non-performing assets as per Reserve bank of India Prudential Norms.

12. 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 IRDA 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 1956(1 of 1956) 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.

13. 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 Export Credit Guarantee Corporation of India Limited

(ARVIND MEHTA)	**(YOGESH LOHIYA)**	**(VASANT MEHTA)**
Chairman cum Managing Director	Director	Director

Place : New Delhi
Dated : 09th June 2011

लेखा परीक्षकों की रिपोर्ट

Auditors' Report

Lakhani & Co.
Chartered Accountants
Hemsharsaka,
19, Gola Lane,
Fort,
Mumbai – 400 001

M. B. Agrawal & Co.
Chartered Accountants
204, Mhatre Pen Building,
Senapati Bapat Marg,
Dadar (West),
Mumbai – 400 028

AUDITOR'S REPORT

To the members of Export Credit Guarantee Corporation of India Limited

1 We have audited the attached Balance Sheet of Export Credit Guarantee Corporation of India Limited (the Corporation) as at 31st March, 2011 and the Revenue Account, the Profit and Loss Account and also the Cash Flow Statement (Receipt & Payment Account) for the year ended on that date annexed thereto, in which are incorporated the returns of fifty one branches audited by other firms of auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3 The Balance Sheet, the Revenue Account, the Profit and Loss Account and Receipt and Payment Account, have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 (3C) of the Companies Act, 1956 ('the Act') *except as stated hereunder*.

4 We report that:

4.1 Premium is not recognized as income till completion of necessary documentation even though such date may be subsequent to the date of commencement of risk / contract period (Refer accounting policy no. 5.1 to Schedule 16 and note no. 10 to Schedule 17). The impact on the profit for the year, reserves and current assets/current liabilities remains unascertained.

4.2 As stated in accounting policy no 16.3 to schedule 16 and note no. 12 to Schedule 17, the gain or loss arising on account of exchange differences is included under the head "Claims incurred (net)" and is shown against "recovered during the year"(schedule 2). As per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Corporation is required to disclose the amount of gain or loss on account of exchange differences in such a manner that its impact on the net profit or loss for the year can be ascertained. The Corporation is unable to ascertain such difference and hence no disclosures have been made.

5 We draw attention to:-

5.1 note no. 3 to Schedule 17 regarding properties costing Rs. 650.76 thousands (previous year Rs. 650.76 thousands) where registration formalities with appropriate authorities have not been completed and properties costing Rs.57,511.06 thousands (previous year Rs. 57,511.06 thousands), where agreements are lost/presently not available with the Corporation;

5.2 note no. 11 to Schedule 17 regarding non acceptance of refund of premium by certain policyholders;

5.3 the actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) as at March 31, 2011 has been duly certified by the Consulting Actuary of the Corporation and relied upon by us. The Consulting Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDA and the Actuarial Society of India in concurrence with the IRDA.

5.4 note no. 13 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, & Sundry Deposits including personal ledger balances of insured, minimum premium account, deposit premium account and reinsurance accounts;

5.5 note no. 31.2 to Schedule 17 regarding provision for employee benefits in terms of letter received from Ministry of Commerce, Government of India; and

5.6 to comply with the deposit requirement stipulated under the Insurance Act, 1938, the Corporation has invested Rs.99,525 thousands (Previous year Rs.99,525 thousands) in the government securities (Refer note no. 5.3 to Schedule 17). The outstanding balance of such Investment is classified under "Advances and Other Assets".

6 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.

7 The Balance Sheet, the Revenue Account, the Profit and Loss Account and Receipt and Payment Account referred to in this report comply with the Accounting Standards referred to under sub section 3C of Section 211 of the Act *except as stated in para 4.2 above;*

8 In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of those books.

9 The reports of the branch auditors on the returns of the branches audited by such auditors have been made available to us and the same have been found to be adequate for the purpose of our audit.

10 The Balance Sheet, Revenue Account, Profit and Loss Account and Receipt and Payment Account dealt with by this report are in agreement with the books of accounts and returns.

11 The investments made by the Corporation have been valued in accordance with the provisions of the Insurance Act, 1938 and the Regulations.

12 Vide circular no. 8/2002 dated 22-03-2002 issued by the Department of Company Affairs, the directors of the government companies are exempted from applicability of the provisions of section 274 (1) (g) of the Companies Act, 1956.

13 We further report that the aggregate impact resulting out of our observations in para 4 above on the Revenue Account, Profit and Loss Account and Balance Sheet is not quantifiable by us as the same has not been ascertained by the Corporation.

14 The accounting policies adopted by the Corporation are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDA in this regard except to the extent *stated in para 4.1above.*

15 *Subject to Para 4.1, and 4.2 above*, in our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, the Revenue Account, the Profit & Loss Account and the Receipt & payment Account hereinabove have been prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), and the Companies Act, 1956 (1 of 1956), to the extent applicable and in the manner so required and these financial statements read with the accounting policies and notes thereon give a true and fair view in conformity with accounting principles generally accepted in India:

i. In the case of the Balance Sheet, of the state of affairs of the Corporation as at March 31, 2011;

ii. In the case of Revenue Account, of the deficit for the financial year ended on that date;

iii. In the case of Profit & Loss Account, of the Profit for the financial year ended on that date; and

iv. In the case of Receipt and Payment Account, of the receipts and payment during the financial year ended on that date.

16 Further, on the basis of our examination of the books of account and records of the Corporation and considering the audited returns received from the branches, in accordance with the requirements of Schedule "C" of the Regulations, we certify that:

16.1 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 is no apparent mistake or material inconsistencies with the financial statements;

16.2 As per the explanation given by the management, except as stated in para 14 and 15 above, the Corporation has complied with the terms and conditions of registration as laid down in sub section 4 of section 3 of the Insurance Act, 1938;

16.3 We have verified the cash balances (except of the branches where audits were conducted by the concerned branch auditors and the cash balances were verified by the concerned auditors) and securities relating to the loans and investments made by the corporation 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;

16.4 To the best of the information and explanation given to us and as per the representation made by the Corporation, the Corporation is not a trustee of any trust; and

16.5 The Corporation has segregated 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 & Loss Account. Since no separate accounts relating to shareholders and policyholders have been maintained in terms of Section 11(1) (B) 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 accounts and based on the information and explanation given to us and on a review of the available records, we have not come across any part of the assets of the policyholders funds been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders funds.

For Lakhani & Co
Chartered Accountants
Firm Registration No.105524W

(Sailesh Katudia)
Partner
Membership No. 105529
Place : New Delhi
Date : June 9, 2011

For M.B. Agrawal & Co.
Chartered Accountants
Firm Registration No.100137W

(Harshal Agrawal)
Partner
Membership No.109438

सांविधिक लेखा परीक्षकों की टिप्पणियों के उत्तर

Replies to Auditors' Observation

REPLIES TO AUDITOR'S OBSERVATIONS

Sr. No.	Auditor's Observations	Replies
4.1	*Premium is not recognized as income till completion of necessary documentation even though such date may be subsequent to the date of commencement of risk / contract period (Refer accounting policy no. 5.1 to Schedule 16 and note no. 10 to Schedule 17). The impact on the profit for the year, reserves and current assets/current liabilities remains unascertained.*	The stated accounting policy for recognition of premium income is being consistently followed by the Corporation over the years. As the necessary information like, gross invoice value, terms of payment, country of destination, average / highest outstanding etc are required for determining the premium to be charged, recognition of premium is possible only on receipt of such information.
4.2	*As stated in accounting policy no 16.3 to schedule 16 and note no. 12 to Schedule 17, the gain or loss arising on account of exchange differences is included under the head "Claims incurred (net)" and is shown against "recovered during the year"(schedule 2). As per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Corporation is required to disclose the amount of gain or loss on account of exchange differences in such a manner that its impact on the net profit or loss for the year can be ascertained. The Corporation is unable to ascertain such difference and hence no disclosures have been made.*	As per the scheme of Insurance by the Corporation, the Corporation charges premium in Indian Rupees, settles claims in Indian Rupees and effects recoveries in Indian Rupees. The recovery against those claim paid could be at times effected in Foreign currency and since the original claim is booked in Indian Rupees, the impact of Forex rate changes may not be gauged and accounted for.

भारत के नियंत्रक और महालेखा परीक्षक की टिप्पणी

Comments
Of
CAG