Independent Auditors' Report

ON FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020 OF ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED

To the Members of
ICICI Lombard General Insurance Company Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue accounts'), the Profit and Loss account and the Receipts and Payments account for the year then ended, the schedules annexed there to, a summary of the significant accounting policies and other explanatory notes thereon.

In our opinion and to the best of our information and according to the explanations given to us, we report that the aforesaid financial statements prepared in accordance with the requirements of Accounting Standards as specified under Section 133 of the Companies Act, 2013 (the 'Act'), including relevant provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority of India Act, 1999 (the "IRDAI Act") and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of these financial statements and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "Regulations") and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI" / "Authority"), to the extent applicable, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

a. in the case of Balance Sheet, of the state affairs of the Company as at March 31, 2020;

b. in the case of Revenue Accounts, of the operating profit in Fire, Marine and Miscellaneous business for year ended on that date;

c. in the case of Profit and Loss Account, of the profit for the year ended on that date; and

d. in case of Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that is relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr No.	Key Audit Matters	Our Responses
1.	**Acquisition of proprietary software, platforms and underlying intellectual property assets developed by Unbox Technologies Private Limited (Refer Note 5.2.27)** On 30th October, 2019, the Company entered into a business transfer agreement to acquire proprietary software, platforms and underlying intellectual property assets developed by Unbox Technologies Private Limited along with ancillary movable assets for housing the Software and employees for operations, maintenance and development of the Software for an aggregate consideration of ₹ 2,248,500 thousands on a slump sale basis being managements estimate of fair value of the identifiable assets. The valuation was performed as part of the Purchase Price Allocation (PPA). The Company appointed independent professional valuers (experts) to perform the valuation for the purpose of PPA. Significant assumptions and estimates were used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transaction and thus we consider this area to be a Key Audit Matter.	Our audit procedures included the following: • Review of the compliance with applicable regulations and examination of various legal and professional advices received by the company. • Checking various approvals given by Those Charged With Governance. • Tracing the value of the consideration transferred with reference to the agreed terms of the transaction. • Review of the PPA reports including the work done by the experts to assess reasonableness of the underlying key assumptions used in determining the fair value of assets and liabilities as at the acquisition date. • Confirming that the valuation techniques used are consistent with generally accepted norms. • Confirming that identifiable assets acquired and liabilities assumed were appropriately valued, in all material respects. • Assessing the management's determination of the fair value of the proprietary software. • Consideration of the accounting treatment and the adequacy of disclosure in the financial statements relating to this transaction. Based on our procedures, we found that the key assumptions and methodologies used were within a reasonable range for fair value determination.
2.	**Investments (Refer Schedule 8 and 8A)** The Company's investments represent 71% of the assets as at March 31, 2020 which are to be valued in accordance with accounting policy framed as per the extant regulatory guidelines. The valuation of all investments should be as per the investment policy framed by the Company which in turn should be in line with IRDAI Investment Regulations and Preparation of Financial Statement Regulations. The valuation methodology specified in the regulation is to be used for each class of investment.	Our audit procedures on Investment included the following: • Understood Management's process and controls to ensure proper classification and valuation of Investment. • Verified and obtained appropriate external confirmation for availability and ownership rights related to these investments. • Tested the design, implementation, management oversight and operating effectiveness of key controls over the classification and valuation process of investments.

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Sr No.	Key Audit Matters	Our Responses
	The Company has a policy framework for Valuation and impairment of Investments. The Company performs an impairment review of its investments periodically and recognises impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy of the Company. Further, the assessment of impairment involves significant management judgement. The classification and valuation of these investments was considered one of the matters of material significance in the financial statements due to the materiality of the total value of investments to the financial statements and further due to the market volatility impact caused due to global pandemic COVID-19 on the value of investments.	• Test-checked valuation of different class of investments to assess appropriateness of the valuation methodologies with reference to IRDAI Investment Regulations along with Company's own investment policy. • Examining the rating downgrades by credit rating agencies and assessing the risk of impairments to various investments. • Reviewed the Company's impairment policy and assessed the adequacy of its impairment charge on investments outstanding at the year end. Based on procedures above, we found the company's impairment, valuation and classification of investments in its financial statements in all material respects to be fair.
3.	**Assessing the impact of Pandemic COVID 19 on the financial statements and internal control processes of the Company (Refer Note 5.2.28)** The pandemic has created huge uncertainties on the operations of many established businesses and exposed them to several new risks. Due to this, organisations have had to make significant changes to their normal processes to adapt to this sudden and unexpected turn of situation. These changes could impact the measurement of assets and liabilities on varying degree. Due to COVID-19, the Company is also exposed to various risks such as assessment of counter parties risks for receivables, receipt of timely data from parties including reinsurers/ coinsurers, operational controls, compliance and several other risks. In view of the estimation uncertainties involved this was considered as a key audit matter.	Our audit procedures included the following: • We looked at the company's exhaustive risk identification and mitigation analysis using its well established enterprise risk management framework to understand the implications, assessment process and the company's current mitigation plans. • Assessment of risks of counter party defaults by examining external credit rating movements, if any and the process of identification of risky receivables and making suitable provisions in the financial statements. • Assessment of the temporary changes made to the internal control framework over financial reporting and carrying suitable tests for the effectiveness of key controls on the balance sheet date. • Evaluating the overall presentation of the financial statements and ensuring the appropriateness and adequacy of the disclosures. • Checking the compliance against the various regulatory prescriptions applicable to the company to the extent those are relevant in the preparation of financial statement. On the basis of our procedures, we consider the Company's assessment of impact on financial statements due to COVID-19 to be appropriate.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the preparation of other information. The other information comprises Directors Report, Business Responsibility Report, Management Discussion & Analysis, Management Report and Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

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

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We confirm that we have nothing material to report, add or draw attention to in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards specified under Section 133 of the Act, the Insurance Act, the IRDAI Act, the Regulations and orders / directions prescribed by the Insurance Regulatory and Development Authority of India ('IRDAI') in this behalf and current practices prevailing within the insurance industry in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, that could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

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audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Panel Actuary (the "Panel Actuary"). The actuarial valuation of these liabilities, that are estimated using statistical methods as at March 31, 2020 has been duly certified by the Panel Actuary and in his opinion, the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Panel Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for outstanding claims reserves and the PDR contained in the financial statements of the Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the IRDAI Financial Statements Regulations, we have issued a separate certificate

dated 02 May 2020 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDAI Financial Statement Regulations.

2. As required by the paragraph 2 of Schedule C to the IRDAI Financial Statement Regulations and Section 143(3) of the Act, in our opinion and according to the information and explanations given to us, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) As the Company's accounts are centralised and maintained at the corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company.

   c) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   d) The Balance sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payments account dealt with by this report are in agreement with the books of account.

   e) The aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDAI in this regard.

   f) Investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and orders/directions issued by IRDAI in this regard.

   g) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   h) With respect to the adequacy of the internal financial controls with reference to the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 5.2.20 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any outstanding long term derivative contracts – Refer Note no. 5.2.21 to the financial statements;

      iii. During the year there were no amount required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note no. 5.2.22 to the financial statements.

3. With respect to the other matters to be included in the Auditor's report, in terms of the requirements of Section 197(16) of the Act, we report that managerial remuneration payable to the Company's Directors is governed by the provisions of Section 34A of the Insurance Act, 1938 and requires approval of IRDAI. Accordingly, the managerial remuneration limits specified under Section 197 of the Act do not apply.

For Chaturvedi & Co.
Chartered Accountants
(Firm Registration No. 302137E)

S N Chaturvedi
Partner
Membership No. 040479
UDIN: 20040479AAAABZ5431

Place : Mumbai
Date : May 2, 2020

For PKF Sridhar & Santhanam LLP
Chartered Accountants
(Firm Registration No. 003990S/S200018)

R. Suriyanarayanan
Partner
Membership No. 201402
UDIN: 20201402AAAAAO1342

Place : Mumbai
Date : May 2, 2020

Annexure A

Referred to in paragraph '2 (h)' of Section 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of ICICI Lombard General Insurance Company Limited ("the Company") on the financial statements as of and for the year ended March 31, 2020.

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

OPINION

We have audited the internal financial controls with reference to the aforesaid financial statements of **ICICI Lombard General Insurance Company Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial reporting and such internal financial controls with certain changes for remote work environment were operating effectively as at March 31, 2020, based on "the internal control with reference to the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the "internal control with reference to financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to financial reporting included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL REPORTING

A company's internal financial control with reference to financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls with reference to financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial reporting to future periods are subject to the risk that the internal financial control with reference to the financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTER

The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Panel Actuary (the "Panel Actuary"). The actuarial valuation of these liabilities, that are estimated using statistical methods as at March 31, 2020 has been duly certified by the Panel Actuary and in his opinion, the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. The said actuarial valuations of liabilities for outstanding claims reserves and the PDR have been relied upon by us as mentioned in Other Matters paragraph in our Audit Report on the financial statements for the year ended 31st March 2020. Accordingly, our opinion on the internal financial controls with reference to financial reporting does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

For Chaturvedi & Co.
Chartered Accountants
(Firm Registration No. 302137E)

S N Chaturvedi
Partner
Membership No. 040479
UDIN: 20040479AAAABZ5431

Place : Mumbai
Date : May 2, 2020

For PKF Sridhar & Santhanam LLP
Chartered Accountants
(Firm Registration No. 003990S/S200018)

R. Suriyanarayanan
Partner
Membership No. 201402
UDIN: 20201402AAAAAO1342

Place : Mumbai
Date : May 2, 2020