

# Directors' Report

To the Members,

Your Directors have pleasure in presenting the Company's Twentieth Annual Report on business and operations, along with the audited financial statements for the financial year ended March 31, 2020.

## INDUSTRY OVERVIEW

The Gross Direct Premium Income ("GDPI") of the industry grew from ₹ 1,694.48 billion in FY2019 to ₹ 1,893.02 billion in FY2020, a growth of 11.7% (Source: IRDAI). The Company's GDPI decreased from ₹ 144.88 billion in FY2019 to ₹ 133.13 billion in FY2020, de-growth of 8.1% which was due to cautious call taken by the Company to reduce exposure to the underpriced crop segment. Excluding crop segment, GDPI of the Company increased from ₹ 120.36 billion in FY2019 to ₹ 133.02 billion in FY2020, a growth of 10.5%. The Company led the private players (including standalone health insurers) in the general insurance sector with a market share of 12.6% and had an overall industry market share of 7.0%. The Company is the 5<sup>th</sup> largest player in the general insurance sector as at March 31, 2020 (Source: GI Council Report).

## FINANCIAL HIGHLIGHTS

The financial performance for FY2020 is summarised in the following table:

	(₹ billion)	
	FY2019	FY2020
Gross written premium	147.89	135.92
Earned premium	83.75	94.04
Income from Investments	17.55	18.47
Profit before tax	15.98	16.97
Profit after tax	10.49	11.94
EPS- Basic (₹)	23.11	26.27
EPS- Diluted (₹)	23.06	26.19

## APPROPRIATIONS

The profit after tax for the year ended March 31, 2020 is ₹ 11.94 billion. The profit available for appropriation is ₹ 44.33 billion after taking into account the balance of profit of ₹ 32.39 billion brought forward from the previous year. During the year, the Company had paid ₹ 3.50 per equity share as a final dividend for FY2019 and ₹ 3.50 per equity share as an interim dividend for FY2020, aggregating to ₹ 3.84 billion including dividend distribution tax.

The Insurance Regulatory and Development Authority of India ("IRDAI") vide its circular dated April 24, 2020 urged all insurers to take a conscious call to refrain from dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 till further instructions. Consequently, the Board of Directors after due consideration of IRDAI circular did not propose any final dividend for the financial year ended March 31, 2020.

## SECRETARIAL STANDARDS

During FY2020, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings. The same has also been confirmed by the Secretarial Auditor of the Company. The Company has also devised necessary systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

## SHARE CAPITAL

The issued and paid-up equity share capital of the Company as on March 31, 2020 is ₹ 4.54 billion. The net worth of the Company increased from ₹ 53.20 billion as at March 31, 2019 to ₹ 61.34 billion as at March 31, 2020. The solvency margin position of the Company as at March 31, 2020 was 2.17 times as against the minimum solvency margin requirement of 1.50 times as prescribed by IRDAI.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186(4) of the Companies Act, 2013 ("the Act") requiring disclosure in the financial statements of full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable to the Company.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY AND ITS FUTURE OPERATIONS

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and future operations of the Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of the Company as at March 31, 2020 consist of eleven Directors, out of which six are Non-executive, Independent Directors, two are Non-executive, Non-independent Directors and remaining three are Whole-time Directors including Managing Director & Chief Executive Officer (“CEO”). Lalita D. Gupte is a Non-executive, Chairperson of the Company.

None of the Directors of the Company are disqualified from being appointed as Directors as specified in Section 164(2) of the Act. Further, all the Directors of the Company has confirmed that they fulfill the criteria of ‘Fit and Proper’ as laid down under the Corporate Governance Guidelines of IRDAI.

Changes in composition of the Board of Directors of the Company during the year are as follows:

Name of Director	Resignation/ Appointment	With effect from
Ashvin Parekh <sup>#</sup>	Re-appointment	April 18, 2019
Bhargav Dasgupta <sup>§</sup>	Re-appointment	May 1, 2019
Vishal Mahadevia	Resignation	July 16, 2019
Murali Sivaraman <sup>*</sup>	Appointment	January 17, 2020

<sup>#</sup> Ashvin Parekh (DIN:06559989) was re-appointed as Non-executive, Independent Director of the Company for a second term of five (5) consecutive years upto April 17, 2024.

<sup>§</sup> Bhargav Dasgupta (DIN:00047728) was re-appointed as Managing Director and CEO of the Company for a period of five (5) years upto April 30, 2024.

<sup>\*</sup> Murali Sivaraman (DIN:01461231), basis recommendation of the Board Nomination and Remuneration Committee, was appointed as an Additional Director in the category of Non-executive, Independent Director for a period of five (5) consecutive years upto January 16, 2025. The resolution seeking Members’ approval for his appointment forms part of the Annual General Meeting (“AGM”) Notice.

In the opinion of the Board, Murali Sivaraman has necessary integrity, expertise and experience (including proficiency) required for appointment as an Independent Director of the Company.

Further, the Board of Directors at their Meeting held on January 17, 2020, approved re-appointment of Sanjeev Mantri (DIN:07192264) as a Whole-time Director, designated as Executive Director - Retail of the Company

for a period of five (5) years, effective from May 2, 2020. The said re-appointment was subsequently approved by the Members of the Company on March 15, 2020 by an ordinary resolution passed through Postal Ballot and by IRDAI vide its letter dated April 30, 2020.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (“KMP”) of the Company as on March 31, 2020 are as below:

1. Bhargav Dasgupta, Managing Director & CEO
2. Alok Kumar Agarwal, Whole-time Director designated as Executive Director – Wholesale
3. Sanjeev Mantri, Whole-time Director designated as Executive Director - Retail
4. Gopal Balachandran, Chief Financial Officer & Chief Risk Officer
5. Vikas Mehra, Company Secretary

In accordance with the Corporate Governance Guidelines issued by IRDAI, the Company has following Key Management Persons. The details of Key Management Persons\* other than aforementioned are as below:

1. Girish Nayak, Chief – Customer Service, Technology and Operations
2. Sanjay Datta, Chief – Underwriting, Reinsurance and Claims
3. Lokanath Kar, Chief – Legal & Compliance Officer
4. Jerry Jose, Head – Human Resources
5. Vinod Mahajan, Chief – Investment Officer

<sup>\*</sup> J. V. Prasad, Appointed Actuary and a Key Management Person of the Company has resigned from the services of the Company and subsequently relieved on September 12, 2019 based on communication received from IRDAI.

In order to fulfil the requirements prescribed under the IRDAI (Appointed Actuary) Regulations, 2017 as amended from time to time, the Company has engaged the services of R. Arunachalam as Panel Actuary of the Company in accordance with the approval of IRDAI.

## Directors' Report (Contd.)

### Common Directorships

Section 48A of the Insurance Act, 1938, necessitates an approval of IRDAI for appointment and/or continuation of appointment of common directorship between insurance companies and insurance agent or intermediaries or insurance intermediaries. In view of the same, the Company has following three Directors falling within the criteria of Common Director viz. Ashvin Parekh, Uday Chitale and Vishakha Mulye.

Pursuant to the aforesaid provisions, the Company had made an application to IRDAI seeking continuation of directorships of Ashvin Parekh (due to his re-appointment for a second term of five (5) consecutive years as Non-executive, Independent Director of the Company), having common directorship with ICICI Securities Limited (being corporate agent of the Company) vide its letter dated March 15, 2019, which was approved by IRDAI on May 2, 2019. The Company had already received approval from IRDAI for continuation of appointment of Uday Chitale and Vishakha Mulye as common Directors on the Board of ICICI Bank Limited in the previous year.

### Independent Directors

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) & (7) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). All the Independent Directors of the Company have also confirmed that they have complied with Schedule IV of the Act and the Company's Employees Code of Conduct.

### Retirement by rotation

In terms of Section 152 of the Act, Alok Kumar Agarwal, Executive Director - Wholesale (DIN: 03434304), would retire by rotation at the forthcoming AGM and being eligible for re-appointment, he has offered himself for re-appointment. A resolution seeking Members' approval for his re-appointment forms part of the AGM Notice.

### Performance Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Act, Guidelines for insurance companies issued by IRDAI and Listing Regulations, an annual performance evaluation has been carried out of Board as a whole and that of its committees and of its individual Directors both Executive and Non-executive including Independent Directors and of its Chairperson. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### Criteria for appointment of Director and Key Managerial Personnel

The Company has Board approved criteria for appointment of a Director, key managerial personnel and officials who may be appointed in senior management ("Criteria for appointment of senior management personnel") and Policy on appointment and compensation of employees and framework for remuneration to Non-executive Directors of the Company in compliance with the requirements as prescribed under the Act. The Criteria for appointment of senior management personnel is hosted on the website of the Company and can be viewed at:

<https://www.icicilombard.com/docs/default-source/policies-of-the-company/criteria-for-appointment-of-a-director-key-managerial-personnel-and-officials-who-may-be-appointed-in-senior-management.pdf>

Also, the Policy on appointment and compensation of employees and framework for remuneration to non-executive directors of the Company is available on the website of the Company and can be viewed at:

<https://www.icicilombard.com/docs/default-source/policies-of-the-company/policy-on-appointment-and-compensation-of-employees-and-framework-for-remuneration-to-non-executive-directors.pdf>

### DEPOSITS

During the year under review, the Company has not accepted any deposits under Section 73 of the Act.

### AUDITORS

#### Statutory Auditors

IRDAI vide its circular dated May 18, 2016, had issued Corporate Governance Guidelines wherein criteria for

appointment of statutory auditors of insurance companies were prescribed which are aligned with the provisions of the Act.

The Members of the Company in the Eighteenth AGM held on July 12, 2018 had approved re-appointment of Chaturvedi & Co., Chartered Accountants as the Joint Statutory Auditors of the Company for a second term of five (5) years till the conclusion of Twenty-third AGM. The Members of the Company in the same AGM also approved re-appointment of PKF Sridhar & Santhanam LLP, Chartered Accountants as the Joint Statutory Auditors of the Company till conclusion of twenty-first AGM i.e. for a balance three (3) years out of first term of five (5) years.

Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on July 12, 2018. Pursuant to the amendments made to Section 139 of the Act by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification by the Members for the appointment of the Statutory Auditors has been withdrawn.

In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Joint Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Joint Statutory Auditors of the Company.

The remuneration payable to the Joint Statutory Auditors for FY2020, has been determined by the Board of Directors of the Company in their Meeting held on April 18, 2019, based on the recommendation of the Audit Committee of the Company.

**Statutory Audit and other fees paid to Joint Statutory Auditors**

	(₹ in Million)
<b>Particulars</b>	<b>Amount</b>
Statutory Audit Fees including report on Corporate Governance and Internal control over financial reporting	20.0
Tax Audit Fees	1.4
Other Certification Fees	0.8

**Statutory Auditors’ Report**

There is no qualification, reservation, adverse remark or disclaimer made by the Joint Statutory Auditors’ in their report.

**Secretarial Auditor**

Pursuant to provisions of Section 204 of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Listing Regulations, the Company had appointed Dholakia & Associates LLP, a firm of practising company secretaries, to conduct the secretarial audit of the Company for FY2020. The Secretarial Audit Report forms part of this report as Annexure A. There are no qualifications, reservation or adverse remark or disclaimer made by the secretarial auditor in the report save and except disclaimer made by them in discharge of their professional obligation.

**Reporting of Frauds by Auditors**

During the year under review, there were no instances of fraud reported by the statutory auditors and secretarial auditor under section 143(12) of the Act to the Audit Committee or the Board of Directors of the Company.

**MAINTENANCE OF COST RECORDS**

Being an Insurance Company, the Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Act.

**PARTICULARS OF EMPLOYEES**

The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as Annexure B.

The statement containing particulars of employees as required under Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Pursuant to the provisions of Section 136 of the Act, the Directors’ Report is being sent to the Members of the Company excluding the aforesaid statement. Any Member interested in obtaining a copy of the statement may write to the Company Secretary at the registered office of the Company.

## Directors' Report (Contd.)

### RELATED PARTY TRANSACTIONS

The Company undertakes various transactions with related parties in the ordinary course of business pursuant to the Policy on Related Party Transactions approved by the Board of Directors of the Company.

The transactions entered into by the Company with related parties during FY2020 were in the ordinary course of business and on an arm's length basis as defined under the Act. The details of related party transactions are disclosed under Note No. 5.2.12 of the Notes to Financial Statements for FY2020.

All related party transactions are placed before the Audit Committee on a quarterly basis. The Policy on dealing with related party transactions has been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/policy-on-related-party-transactions.pdf>

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties were in the ordinary course of business and on arm's length basis and there were no material contracts or arrangement or transactions entered with related parties during the FY2020 and accordingly disclosure in Form AOC-2 [pursuant to clause (h) of sub-section (3) of Section 134 of Act and Rule 8(2) of the Companies (Accounts) Rules, 2014] is not applicable.

The above disclosure on material transactions are based on the threshold of 10 percent of turnover, as defined in the Policy on Related Party Transactions of the Company. Related party transactions are benchmarked for arm's length & approved by the Audit Committee. Statutory Auditors have issued an unmodified opinion on the Financial Statements which includes therein related party transactions and related disclosures and the same have also been approved by the Audit Committee.

### EXTRACT OF ANNUAL RETURN

Pursuant to the prescribed provisions of Act and the rules framed thereunder, extract of annual return in Form MGT-9 forms part of this report as Annexure C and same has been hosted on the website of the Company and can be

viewed at <https://echannel-wf.icicilombard.com/docs/default-source/policies-of-the-company/mgt9-2020.pdf>.

### RISK MANAGEMENT FRAMEWORK

A statement indicating development and implementation of Risk Management Framework including identification therein of elements of risk, if any, which may pose significant risk to the Company has been given in the Corporate Governance Report.

### UPDATE ON COVID-19

The Company has provided details of Business Continuity Plan and the Crisis Management Strategy of the Company along with assessment of various risks arising out of the COVID-19 pandemic and the corresponding measures to manage the same in the Corporate Governance Report.

### DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has a Guidelines against Sexual Harassment at Workplace and a formal process for dealing with complaints of harassment or discrimination. The said Guidelines is in line with relevant Act passed by Parliament in 2013. The Company through its Guidelines ensures that all such complaints are resolved within defined timelines.

#### Details of complaints are as follows:

Sr. No.	Particulars	No.
a.	Number of complaints pending as on April 1, 2019	2
b.	Number of complaints filed during the financial year	6
c.	Number of complaints disposed of during the financial year	8
d.	Number of complaints pending as on March 31, 2020	0

The Company is in compliance with the provisions relating to the constitution of an Internal Complaints Committee under the Sexual Harassment of Women

at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### RURAL AND SOCIAL RESPONSIBILITY

As per IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015, the Company has issued 2,870,624 policies in rural areas and covered 7,460,320 lives falling within the norms of social responsibility. The Company has complied with the obligations laid down by IRDAI.

### DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

The operations have resulted in a profit after tax of ₹ 11.94 billion for the current year as compared to a profit after tax of ₹10.49 billion for the previous year.

IRDAI vide its circular dated April 24, 2020 stipulated that, in view of the emerging market conditions and to conserve capital with the insurance companies in the interest of Policyholders and of the economy at large, had urged insurers to refrain from dividend pay-out from profits pertaining to the financial year ended March 31, 2020 till further instructions. This position shall be reassessed by IRDAI based on financial results of insurers for the quarter ending September 30, 2020. In view of the same, the Board of Directors of the Company had not proposed any final dividend for FY2020. The Company had declared an interim dividend of ₹ 3.50 in FY2020 which is proposed as final dividend for FY2020. The total dividend paid in FY2020 was ₹ 7.00 per share (i.e. ₹ 3.50 paid as an interim dividend for FY2020 and ₹ 3.50 paid as a final dividend for FY2019) as against ₹ 5.00 per share (i.e. ₹ 2.50 paid as an interim dividend for FY2019 and ₹ 2.50 paid as a final dividend for FY2018) paid in FY2019.

In terms of Regulation 43A of Listing Regulations, the Dividend Distribution Policy of the Company has been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/dividend-distribution-policy.pdf>

### UNPAID/UNCLAIMED DIVIDEND

Pursuant to Section 124 & 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company was not required to transfer any unpaid/unclaimed dividend amount to the Investor Education and Protection Fund in FY2020.

### CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted Corporate Social Responsibility ("CSR") Committee in accordance with the provisions of the Act. The CSR Committee was constituted comprising of Members of the Board of Directors of the Company. The Committee presently consists of 4 Directors with majority being Non-executive, Independent Directors. The CSR Policy of the Company and initiatives taken by the Company on CSR during the year are in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as given in Annexure D to this report.

Further in March 2020, the Ministry of Corporate Affairs allowed spending of CSR funds towards COVID-19 as a part of company's CSR activities and also specified that the funds can be spent for various activities related to COVID-19. Considering the impact of spread of COVID-19, World Health Organisation and Government of India declared COVID-19 as pandemic and a notified disaster, respectively.

As a responsible entity, the Board of Directors of the Company approved the proposal to contribute ₹ 0.05 billion towards initiative against COVID-19. Accordingly, the Company partnered with reputed hospitals and funded entire process of testing viz. includes cost of testing kit, sample collection from home, diagnosis, generating test results etc. The Company further contributed ₹ 0.05 billion towards PM Cares Fund for COVID-19. The aforementioned contributions will be part of the CSR activities for FY2021.

### CREDIT RATING

During the year, the Company has maintained credit rating of "ICRA AAA/Stable" awarded by ICRA Limited and "CRISIL AAA/Stable" awarded by Crisil Limited for Subordinate Debt raised by the Company. This is the highest rating regarding safety and timely servicing of financial obligations.

Further, the Company has maintained its credit rating of "iAAA" awarded by ICRA Limited for Claims paying ability by the Company. This indicates that the Company has highest claims paying ability and has a fundamentally strong position.

## Directors' Report (Contd.)

### BUSINESS RESPONSIBILITY REPORTING

In accordance with the Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report ("BRR") has been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/brr.pdf>. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary at the registered office of the Company.

### INTEGRATED REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Securities and Exchange Board of India ("SEBI") vide its Circular dated February 6, 2017 had recommended the top 500 listed entities to voluntarily adopt Integrated Report as per principles prescribed by the International Integrated Reporting Council.

The Company has voluntarily adopted the principles and has prepared its second Integrated Report for FY2020 which forms part of this Annual Report.

The Company as a responsible corporate citizen, is committed to environmental sustainability. The Company has adopted a Policy on Environment Management. The same has been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/policy-on-environment-management.pdf>

Further, the Company has provided details of its environmental, social activities and governance framework in the Environmental, Social and Governance Report ("ESG Report") for FY2020 which forms part of this Annual Report.

### INVESTOR RELATIONS

The Company continuously strives for excellence in its Investor Relations engagement with International and Domestic investors. It believes in adopting the emerging best practices in Investor Relations and building a relationship of mutual understanding with investor/analysts.

The Managing Director & CEO, Executive Directors, Chief Financial Officer & Chief Risk Officer and other Senior Management members participate in structured conference calls and periodic investor/analyst interactions including one-on-one meeting, investor conferences and quarterly earnings calls. The Company conducted 359 meetings with Indian and overseas investors and analysts (excluding quarterly earnings calls) during the financial year.

The Company ensures that financial information of the Company is available to all the stakeholders by uploading it on the Company's website. The financial information includes Financial Statements, Press Releases, Investor Presentations, Earnings call transcripts and Annual Report etc.

### EVENTS AFTER BALANCE SHEET DATE

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of this report.

## CORPORATE GOVERNANCE REPORT

### PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is fully committed to follow sound Corporate Governance practices and uphold the highest business standards in conducting business. The Company continues to focus on building trust with shareholders, regulators, policyholders, employees, customers, suppliers, statutory authorities and other stakeholders based on the principles of good corporate governance viz. integrity, environment, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values.

The Company's governance framework encompasses not only regulatory and legal requirements but also several voluntary practices aimed at maximising shareholders value legally, ethically and on a sustainable basis.

The Company's Corporate Governance architecture has been strengthened through various policies, frameworks and codes adopted by the Company.

The Corporate Governance philosophy of the Company establishes that the Board's independence is essential to bring objectivity and transparency in the management and in dealings of the Company.

### WHISTLE BLOWER POLICY

The Company is committed to high standards of conduct for its employees. The Company has in place Whistle Blower Policy ("the Policy") to provide a formal mechanism to its employees for communicating instances of breach of any statute, actual or suspected fraud on the accounting policies and procedures adopted for any area or item, acts resulting in financial loss or loss of reputation, leakage of information in the nature of Unpublished Price Sensitive Information (UPSI), misuse of office, suspected/actual fraud and criminal offences. The Policy provides for a mechanism to report such concerns to the Chairman of the Audit Committee through specified channels. The framework of the Policy strives to foster responsible and secure whistle blowing. In terms of the Policy of the Company, no employee of the Company has been denied access to the Audit Committee of the Board.

The Whistle Blower Mechanism is reviewed by the Audit Committee of the Board regularly.

The Policy has also been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/whistle-blower-policy.pdf>

### CODE OF CONDUCT AS PRESCRIBED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations"), the Company has in place a code of conduct to regulate, monitor and report trading by its Designated Persons ("the Insider Trading Code") to the extent specified in the Insider Trading Code of the Company. The Insider Trading Code of the Company has been revised in line with the amendments in the Insider Trading Regulations, as amended from time to time.

The Company as a part of its training program had conducted a workshop through an external expert for its Directors, cross functional workshops for designated employees and frequent e-mail communications were also sent on various aspects of the Insider Trading Code of the Company to the designated persons of the Company.

The Company also has in place Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which is hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/code-for-fair-disclosure.pdf>

Pursuant to above, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Insider Trading Regulations.

### EMPLOYEES CODE OF CONDUCT

The Company is committed to conduct its business with highest standards of compliance and ethical conduct. The Company has in place an Employees Code of Conduct ("the Code") to summarise the standards of business conduct which guide the actions of the employees (including all Directors) at all times. The Code aims at observing highest standard of integrity, honesty, fairness and ethical conduct while working for the Company as well as while representing the Company.

## Directors' Report (Contd.)

The Code has been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/employees-code-of-conduct.pdf> Pursuant to the Listing Regulations, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior Management forms part of this Annual Report.

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, Certificate from the Statutory Auditors on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this report as Annexure E

### CEO/CFO CERTIFICATION

Pursuant to Regulation 17(8) of the Listing Regulations, Certification by the Managing Director & CEO and the Chief Financial Officer of the Company on the financial statements and the Internal Financial Controls relating to financial reporting for FY2020 has been obtained.

### MANAGEMENT STRUCTURE

The Company has a multi-tier management structure, comprising the Board of Directors at the apex followed by personnel/executives at the top management, senior management, middle management and junior management positions to ensure that:

- Strategic supervision is provided by the Board;
- Control and implementation of Company's strategy is achieved effectively;
- Operational management remains focused on implementation;
- Information regarding the Company's operations and financial performance is made available to the stakeholders;
- Delegation of decision making with accountability is achieved;
- Financial and operating control and integrity are maintained at an optimal level;
- Risk is suitably evaluated and dealt with;

- Compliance with applicable acts and regulations is achieved;
- Corporate culture that recognises and rewards adherence to ethical standards is developed.

This multi-tier management structure besides ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance, discipline and development of business leaders leading to enhanced public confidence.

### BOARD OF DIRECTORS

The Company has a broad-based Board constituted in compliance with the provisions of the Act and rules made thereunder, Regulation 17 of the Listing Regulations, Corporate Governance Guidelines prescribed for insurance companies by IRDAI, the Articles of Association of the Company and in accordance with good governance practices.

The Company recognises and embraces the benefits of having a diverse Board. The Directors of the Company are eminent personalities having diverse experience and significant expertise in the fields of accountancy, banking, finance, law, strategy, insurance, marketing, brand, channels and economics. The Company's Board comprises of eleven (11) Directors, out of which six (6) are Non-executive, Independent Directors including Chairperson of the Board, two (2) are Non-executive, Non-independent Directors and remaining three (3) are Whole-time Directors including Managing Director & CEO. Amongst the Board of Directors, there are two (2) Non-executive women Directors including one (1) woman Independent Director. Lalita D. Gupte is a Non-executive, Chairperson of the Company.

The Board functions either as an entity per se or through various Committees constituted to oversee specific operational areas. The Company has an optimum mix of Executive and Non-executive Directors to maintain the professionalism, knowledge, skill sets, integrity, expertise, independence and effective decision making. None of the Directors or their relatives are related to any other Director or employee of the Company.

A certificate from Dholakia & Associates LLP, Company Secretaries in Practice has been obtained certifying that none of the Directors on the Board of the Company has

been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI/Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020.

During the year under review, the Board of Directors of the Company approved the appointment of Murali Sivaraman as an Additional Director in the capacity of Non-executive, Independent Director for a period of five (5) years effective from January 17, 2020. The resolution seeking Members' approval for his appointment forms part of the AGM Notice. The

Board of Directors of the Company at their Meeting held on January 17, 2020 had also approved and recommended to the Members of the Company, re-appointment of Sanjeev Mantri as a Whole-time Director designated as Executive Director-Retail of the Company. The Members of the Company through postal ballot approved the re-appointment of Sanjeev Mantri as a Whole-time Director designated as Executive Director-Retail of the Company on March 15, 2020, for a period of five (5) years effective from May 2, 2020. Further, IRDAI vide its letter dated April 30, 2020 approved the same.

**Composition of the Board of Directors of the Company:**

Name of the Director	Category	Qualification	Field of Specialisation/ Existing skills/expertise/ competence
Lalita D. Gupte (DIN: 00043559)	Chairperson, Non-executive, Independent Director	BA (Eco Hons), Master of Management Studies (MMS)	Banking & Finance
Ved Prakash Chaturvedi (DIN: 00030839)	Non-executive, Independent Director	B. E. (Electronics & Power), PGDM- IIM Bangalore	Finance & Investment
Uday Chitale (DIN: 00043268)	Non-executive, Independent Director	B. Com, Fellow Chartered Accountant	Finance, Accounts & Alternate Dispute Resolution (ADR) specialist
Suresh Kumar (DIN: 00494479)	Non-executive, Independent Director	B. Com (Hons.), Post Graduation - Investment Management Programme, Stanford University and London School of Business, Advance Management - Columbia Business School	Banking & Finance
Ashvin Parekh (DIN: 06559989)	Non-executive, Independent Director	Fellow Chartered Accountant, AICWA, AICSA, Exec. MBA-INSEAD	Business strategy, Corporate planning & Business transformation across various industries
Murali Sivaraman <sup>1</sup> (DIN:01461231)	Additional Non-executive, Independent Director	B. Com, Chartered Accountant, Cost and Work Accountant, PGDM- IIM Ahmedabad	Finance, Management, Strategy, Marketing, Brand & Channels
Vishakha Mulye (DIN: 00203578)	Non-executive, Non-independent Director	B.Com, Chartered Accountant	Banking, Investments & Finance
Sandeep Batra (DIN: 03620913)	Non-executive, Non-independent Director	B.Com, Fellow Chartered Accountant, Associate Company Secretary	Banking, Insurance & Financial Services
Bhargav Dasgupta (DIN:00047728)	Managing Director & CEO	B.E. (Mechanical), PGDBA-IIM Bangalore	Banking & Insurance
Alok Kumar Agarwal (DIN:03434304)	Executive Director – Wholesale	B.E. (Chemical), PGDM-IIM Calcutta	Banking & Insurance
Sanjeev Mantri (DIN:07192264)	Executive Director – Retail	Chartered Accountant, Cost and Work Accountant	Banking & Insurance

1 Appointed as an Additional Director in the category of Non-executive, Independent Director of the Company w.e.f. January 17, 2020.

## Directors' Report (Contd.)

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other board businesses. The Board of the Company met six (6) times during the year under review on April 18, 2019, July 19, 2019, October 18, 2019, October 30, 2019, January 4, 2020 and January 17, 2020. The maximum gap between any two Board meetings was less than one hundred and twenty days.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

There were no inter-se relationships between any of the Directors.

The names of the Directors, their attendance at Board Meetings during the year, attendance at the last AGM and the number of other directorships and Board Committee memberships/chairpersonships held by them at March 31, 2020 are set out in the following tables:

Name of the Director	Board meetings attended/ held during the year	Attendance at last AGM held on Thursday, June 27, 2019
<b>Non-executive, Independent Directors</b>		
Lalita D. Gupte, Chairperson	6/6	Present
Ved Prakash Chaturvedi	6/6	Present
Uday Chitale	6/6	Present
Suresh Kumar	5/6	Present
Ashvin Parekh	6/6	Present
Vishal Mahadevia <sup>1</sup>	1/1	Present
Murali Sivaraman <sup>2</sup>	NA	NA
<b>Non-executive, Non-independent Directors</b>		
Vishakha Mulye	5/6	Present
Sandeep Batra	6/6	Present
<b>Executive Directors</b>		
Bhargav Dasgupta	6/6	Present
Alok Kumar Agarwal	6/6	Present
Sanjeev Mantri	6/6	Present

1 Pursuant to Section 48A of Insurance Act, 1938, the Company had sought an approval from IRDAI for continuation of appointment of Vishal Mahadevia, a Non-executive, Independent Director of the Company, as common director on the Board of the Company and as a Director in an insurance intermediary. IRDAI vide its letter dated May 2, 2019 had advised Vishal Mahadevia to retain directorship either of the Company or of the insurance intermediary.

The Company had received a letter from Vishal Mahadevia wherein he had communicated his option to continue as a Director on the Board of IDFC First Bank Limited, being an insurance intermediary and had extended his resignation as a Non-executive, Independent Director on the Board of the Company and from Committees on which he served, with effect from close of business hours on July 16, 2019.

Vishal Mahadevia has also confirmed that there were no material reasons other than mentioned above.

2 Appointed as an Additional Director in the category of Non-executive, Independent Director of the Company w.e.f. January 17, 2020.

The details of “Directorships held in other companies” and “Memberships/Chairpersonships of committees in other companies” as on March 31, 2020 are as follows:

Name of the Director	No. of other Directorships		Name of other listed companies where he/she is a Director*		Number of Committees of other companies**	
	Of Indian Public Limited companies	Of other companies#	Company	Category of Directorship	In which a member	In which a Chairperson
Lalita D. Gupte	5	-	Bharat Forge Limited	Non-executive, Independent Director	6	2
			Godrej Properties Limited	Non-executive, Independent Director		
			Vedanta Limited	Non-executive, Independent Director		
			India Infradebt Limited	Chairperson & Independent Director		
			TVS Motor Company Limited	Non-executive, Independent Director		
Ved Prakash Chaturvedi	1	-	-	-	1	1
Uday Chitale	3	1	India Infradebt Limited	Non-executive, Independent Director	4	2
			ICICI Bank Limited	Non-executive, Independent Director		
Suresh Kumar	2	4	Aster DM Healthcare Limited	Non-executive, Independent Director	2	2
Ashvin Parekh	2	-	ICICI Securities Limited	Non-executive, Independent Director	2	2
Murali Sivaraman	2	-	Huhtamaki PPL Limited	Chairman & Independent Director	2	1
			Bharat Forge Limited	Non-executive, Independent Director		
Vishakha Mulye	1	1	ICICI Bank Limited	Executive Director	0	0
Sandeep Batra	3	2	ICICI Prudential Life Insurance Company Limited	Non-executive, Non-independent Director	2	0
Bhargav Dasgupta	-	-	-	-	-	-
Alok Kumar Agarwal	-	-	-	-	-	-
Sanjeev Mantri	-	-	-	-	-	-

# Comprises private limited companies incorporated in India and foreign companies but excludes Section 8 companies and not for profit foreign companies.

\* Includes Directorships held in Debt Listed Company.

\*\* Memberships/Chairpersonships in Audit Committee and Stakeholders Relationship Committee of Indian public limited companies; number of Memberships includes Chairpersonships.

In terms of Listing Regulations, the number of Committees (Audit Committee and Stakeholders Relationship Committee) of public limited companies in which a Director is a member/chairman/chairperson were within the limits prescribed under the Listing Regulations, for all the Directors of the Company. The number of directorships of each Non-executive, Independent Director is also within the limits prescribed under the Listing Regulations as amended from time to time.

## Directors' Report (Contd.)

The Board has identified the following skill sets with reference to its business and industry which are available with the Board viz. Finance, Accountancy & Law, Management & Administration, Marketing, Sales & Brand, Corporate Governance, Corporate Planning and Strategy.

The Members of the Board of Directors of the Company has the necessary Skills/Expertise/Competence in the above mentioned areas.

### Details of Shareholding of Non-executive, Independent Directors and Non-executive, Non-independent Directors

Equity shares held by the Non-executive Directors as on March 31, 2020 are as follows:

Sr. No.	Name of the Director	No. of Equity Shares
1.	Lalita D. Gupte	1,782
2.	Ved Prakash Chaturvedi	-
3.	Uday Chitale	-
4.	Suresh Kumar	-
5.	Ashvin Parekh	-
6.	Murali Sivaraman	-
7.	Vishakha Mulye	275,000
8.	Sandeep Batra	-

### Recommendations of mandatory Committees

During the year under review, all the recommendations made by the Committees of the Board mandatorily required to be constituted by the Company under the Act, Listing Regulations and IRDAI Guidelines were accepted by the Board.

### Board Committees

The Board has constituted following Committees:

- (i) Board Nomination and Remuneration Committee
- (ii) Audit Committee
- (iii) Investment Committee
- (iv) Risk Management Committee
- (v) Policyholders Protection Committee
- (vi) Corporate Social Responsibility Committee
- (vii) Stakeholders Relationship Committee
- (viii) Strategy Committee

The Board has constituted various Committees of Directors to monitor the activities in accordance with Board approved terms of reference. The Board Committees focus on specific areas and take informed decisions on the specific businesses assigned to them in the best interest of the Company. The Committees also make specific recommendations to the Board on various matters whenever required. The Chairman/Chairperson of the respective Committees briefs the Board on deliberations taken place at the Committee Meetings in relation to important discussions, notings and approvals.

The terms of reference of the Board Committees are reviewed and determined by the Board from time to time to align the same with the regulatory/business requirements.

The Company has eight (8) Board Committees as on March 31, 2020. The role and composition of these Committees, along with the number of meetings held during FY2020 and the attendance of the members of respective Committees are provided below:

#### i) Board Nomination and Remuneration Committee

##### Terms of reference

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To consider and approve employee stock option schemes and to administer and supervise the same.
- Approval of the policy for and quantum of bonus/ long term performance pay (LTPP) payable to the employees.
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and formulate a criteria for evaluation of every director's performance.

- To consider whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To approve the compensation programme and to ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- To ensure that the proposed appointments/re-appointments of key managerial personnel or directors are in conformity with the Board approved policy.
- To recommend re-constitution of Board Constituted Committees to the Board.
- To devise a policy on diversity of the Board.
- To recommend to the Board all remuneration, in whatever form, payable to senior management.
- To carry out any other function, if any, as prescribed in the terms of reference of the Board Nomination and Remuneration Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, 2013 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.

**Composition**

In terms of provisions of the Act and Listing Regulations, the Board Nomination and Remuneration Committee comprises of Four (4) Members, out of which three (3) are Non-executive, Independent Directors and one (1) is Non-Executive, Non-independent Director. The Board Nomination and Remuneration Committee is chaired by Uday Chitale, Non-executive, Independent Director of the Company. The composition of the Board Nomination

and Remuneration Committee is given below along with the attendance of the Members. The Board Nomination and Remuneration Committee met four (4) times during the year under review on April 18, 2019, July 19, 2019, January 4, 2020 and January 17, 2020.

**Attendance record of the Members:**

Name of Member	Number of Meetings held	Number of Meetings attended
Uday Chitale, Chairman	4	4
Lalita D. Gupte	4	4
Ashvin Parekh	4	4
Vishakha Mulye	4	3
Vishal Mahadevia <sup>1</sup>	1	1

<sup>1</sup> Ceased to be a member of the Board Nomination and Remuneration Committee w.e.f. July 16, 2019.

**Annual performance evaluation of Board, its Committees and individual Directors**

The Company with the approval of its Board Nomination & Remuneration Committee has put in place an evaluation framework for evaluation of the Board, Directors, Chairperson and the Committees. The evaluation for the Directors, the Board, Chairperson of the Board and the Committees is carried out through circulation of different questionnaires, for the Directors, for the Board, for the Chairperson of the Board and the Committees respectively. The performance of the Board is assessed on selected parameters related to roles, responsibilities and obligations of the Board, relevance of Board discussions, attention to strategic issues, performance on key areas, providing feedback to executive management and assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criteria for the Directors is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board. The evaluation criteria for the Chairperson of the Board besides the general criteria adopted for assessment of all Directors, focuses incrementally on leadership abilities, effective management of meetings and preservation of interest of

## Directors' Report (Contd.)

stakeholders. The evaluation of the Committees is based on assessment of the clarity with which the mandate of the Committee is defined, effective discharge of terms of reference of the Committees and assessment of effectiveness of contribution of the Committee's deliberation/recommendations to the functioning/decisions of the Board. The overall performance evaluation process for FY2020 was completed and the Board determined that the performance evaluation of Board, Directors, Chairperson and Committees was satisfactory.

### Familiarisation Programme for Directors

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of the industry and the business model of the Company through induction programmes at the time of their appointment as Directors and through presentations on economy & industry overview, key regulatory developments, strategy and performance which are made to the Directors from time to time. The details of the familiarisation programmes have been hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/familiarisation-programme.pdf>

The Company apprises new Director about the industry/business in which it operates, its business model. It also familiarises new Director about the dynamics of the insurance industry to help them in meaningful deliberations and in taking informed decisions.

While inducting a Director on the Board, the Company issues a formal letter of appointment to Director which, inter alia, explains role, functions, duties and responsibilities of the Director.

The programme helps the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips Director to effectively fulfill their role.

During the year, Non-executive, Independent Directors attended the two days orientation programme organised by IRDAI in collaboration with National Insurance Academy in Pune on the matters pertaining to the General Insurance Industry.

## ii) Audit Committee

### Terms of reference

#### (i) Accounts and Audit:

- Oversee the financial statements, financial reporting process under Indian GAAP and US GAAP, statement of cash flow and disclosure of its financial information, both on an annual and quarterly basis, to ensure that the financial statement is correct, sufficient and credible.
- Recommend the appointment, re-appointment, terms of appointment and, if required, the replacement or removal; remuneration, reviewing (with management) performance, and oversight of the work of the auditors (internal/statutory/concurrent) and to review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Evaluation of internal financial controls and risk management systems.
- Discuss with the statutory auditors before the audit commences, about the nature and scope of audit, as well as, have post-audit discussions to address areas of concern.
- Approval of payment to statutory auditors and internal auditors or any of its associated persons or companies, for any other services rendered by them.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements to the extent applicable.
  - Approval or any subsequent modification and disclosure of any related party transactions of the Company. Provided that the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.
  - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval.
  - To the extent applicable, review with the management, the statement of uses/end use/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) and related matter, the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Scrutiny of inter-corporate loans and investments, if any.
  - Valuation of undertakings or assets of the Company, wherever it is necessary.
  - Oversight of the procedures and processes established to attend to issues relating to maintenance of books of account, administration procedures, transactions and other matters having a bearing on the financial position of the Company, whether raised by the auditors or by any other person.
- (ii) Internal Audit**
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Oversee the efficient functioning of the internal audit department and review its reports. The Committee would additionally monitor the progress made in rectification of irregularities and changes in processes wherever deficiencies have come to notice.
  - Set-up procedures and processes to address all concerns relating to adequacy of checks and control mechanisms.
  - Discussion with internal auditors of any significant findings and follow up there on.
  - Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Review with the management, performance of internal auditors, and the adequacy of the internal control systems.
  - Look into the reasons for substantial defaults in the payment, if any, to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Review the functioning of the Whistle Blower/Vigil mechanism.
- (iii) Compliance & Ethics:**
- Review reports on the above and on proactive compliance activities aimed at increasing the Company's ability to meet its legal and ethical obligations, on identified weaknesses, lapses, breaches or violations and the controls and other

## Directors' Report (Contd.)

measures in place to help detect and address the same.

- Discuss the level of compliance in the Company and any associated risks and to monitor and report to the Board on any significant compliance breaches.
- Supervise and monitor matters reported using the Company's whistle blowing or other confidential mechanisms for employees and others to report ethical and compliance concerns or potential breaches or violations.
- Review of policy on appointment of insurance agents.
- To review and recommend appropriate policy to the Board as may be prescribed by IRDAI from time to time.
- Review key transactions involving conflict of interest.
- Monitor the directives issued/penalties imposed/penal action taken against the Company under various laws and statutes and action taken for corrective measures.
- Approval of appointment of Chief Financial Officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate.
- To act as Compliance Committee to discuss level of compliance in the Company including the Company's code of ethics or conduct and any associated risks and to monitor and report to the Board on any significant compliance breaches.
- Review of disclosure under stewardship policy.
- Carrying out any other function, if any, as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, 2013 or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 or by any other regulatory authority.

### Composition

In terms of provisions of the Act and Listing Regulations, the Audit Committee comprises of five (5) Members, out of which four (4) are Non-executive, Independent Directors and one (1) is Non-executive, Non-independent Director.

The Audit Committee is chaired by Ashvin Parekh, Non-executive, Independent Director of the Company. The composition of the Audit Committee is given below along with the attendance of the members. The Audit Committee met Eight (8) times during the year under review on April 18, 2019, July 8, 2019, July 18, 2019, July 19, 2019, October 17, 2019, October 18, 2019, January 16, 2020 and January 17, 2020.

### Attendance record of the Members:

Name of Member	Number of Meetings held	Number of Meetings attended
Ashvin Parekh, Chairman	8	8
Lalita D. Gupte	8	8
Uday Chitale	8	8
Murali Sivaraman <sup>1</sup>	NA	NA
Sandeep Batra	8	8

<sup>1</sup> Inducted as a member of the Audit Committee w.e.f. January 17, 2020

### (iii) Investment Committee

#### Terms of reference

- Overseeing the implementation of the investment policy approved by the Board from time to time.
- Reviewing the investment policy.
- Periodical updation to the Board with regard to investment activities of the Company.
- Reviewing the investment strategies adopted from time to time and giving suitable directions as needed in the best interest of the Company.
- Reviewing the broker policy and making suitable amendments from time to time.

- Reviewing counter party/intermediary exposure norms.
- Supervising the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management policy.
- Overseeing the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the Company.
- Reviewing the stewardship policy of the Company.

**Composition**

In terms of Corporate Governance Guidelines issued by IRDAI, the Investment Committee comprises of five (5) Members, out of which one (1) is Non-executive, Independent Director, one (1) is Non-executive, Non-independent Director, one (1) is Whole-time Director, the Chief Investment Officer and the Chief Financial Officer & Chief Risk Officer each. The Investment Committee is chaired by Suresh Kumar, Non-executive, Independent Director of the Company.

The composition of the Investment Committee is given below along with the attendance of the members. The Investment Committee met four (4) times during the year under review on April 17, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

**Attendance record of the Members:**

Name of Member	Number of Meetings held	Number of Meetings attended
Suresh Kumar, Chairman	4	4
Sandeep Batra	4	4
Bhargav Dasgupta	4	4
Vinod Mahajan	4	4
Gopal Balachandran	4	4
J. V. Prasad <sup>1</sup>	2	2

<sup>1</sup> Ceased to be member of the Investment Committee w.e.f. September 12, 2019

**iv) Risk Management Committee**

**Terms of reference**

- Assisting the Board in effective operation of the risk management programme by performing specialised analysis and quality reviews.
- Reporting to the Board details on the risk exposures and the actions taken to manage the exposures.
- Advising to the Board with regard to risk management decisions in relation to strategic and operational matters.
- Review of the Company’s risk management and operational risk related policies/frameworks including those relating to cyber security.
- Review of status update on deviation cases under framework on IIB rates.
- To review the Company’s risk - reward performance to align with overall policy objectives.
- To review the solvency position of the Company on a regular basis.
- To monitor and review regular updates on business continuity.
- To review and recommend appropriate policy including establishment of effective Risk Management framework, risk management policy and processes, to the Board as may be prescribed by IRDAI from time to time.
- To review the Company’s risk management and operational risk related policies/frameworks including fraud monitoring policy & framework and anti-fraud policy & framework and monitoring implementation of anti-fraud policy for effective deterrence, prevention, detection and mitigation of frauds.
- To maintain a group-wide and aggregated view on the risk profile of the Company in addition to the solo and individual risk profile for all

## Directors' Report (Contd.)

categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc.

- To carry out any other function, if any, as prescribed in the terms of reference of the Risk Management Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.

### Composition

In terms of provisions of the Act, Listing Regulations and Corporate Governance Guidelines issued by IRDAI, the Risk Management Committee comprises of seven (7) Members, out of which five (5) are Non-executive, Independent Directors, one (1) is Non-executive, Non-independent Director and one (1) is Whole-time Director. The Risk Management Committee is chaired by Lalita D. Gupte, Non-executive, Independent Director of the Company.

The composition of the Risk Management Committee is given below along with the attendance of the Members. The Risk Management Committee met four (4) times during the year under review on April 17, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

### Attendance record of the Members:

Name of Member	Number of Meetings held	Number of Meetings attended
Lalita D. Gupte, Chairperson	4	4
Ved Prakash Chaturvedi	4	3
Uday Chitale	4	4
Suresh Kumar	4	4
Ashvin Parekh	4	4
Sandeep Batra	4	4
Bhargav Dasgupta	4	4

## v) Policyholders Protection Committee

### Terms of reference

- Putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
- Ensuring compliance with the statutory requirements as laid down in the regulatory framework.
- Reviewing the mechanism at periodic intervals.
- Ensuring adequacy of "material information" to the policyholders to comply with the requirements laid down by the authority both at the point of sale and periodic intervals.
- Reviewing the status of complaints at periodic intervals.
- Details of grievance at periodic intervals in such formats as may be prescribed by the authority.
- Providing details of insurance ombudsman to the policyholders.
- Monitoring of payments of dues to the policyholders and disclosure of unclaimed amount thereof.
- Review of regulatory reports to be submitted to various authorities.
- To review the standard operating procedures for treating the customer fairly including timeframes for policy and claims servicing parameters and monitoring implementation thereof.
- To review the framework for awards given by Insurance Ombudsman/Consumer Forums. Analyse the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any.

- To review all the awards given by Insurance Ombudsman/Consumer Forums remaining un-implemented for more than three (3) months with reasons therefore and report the same to the Board for initiating remedial action, where necessary.
- To review claim report including status of outstanding claims with ageing of outstanding claims.
- To review repudiated claims with analysis of reasons.
- Monitoring of the implementation of the approved proposals under IRDAI Sandbox Regulation.

**Composition**

In terms of Corporate Governance Guidelines issued by IRDAI, the Policyholders Protection Committee comprises of five (5) Members, out of which four (4) are Non-executive, Independent Directors and one (1) is Whole-time Director. The Policyholders Protection Committee is chaired by Ashvin Parekh, Non-executive, Independent Director of the Company. The composition of the Policyholders Protection Committee is given below along with the attendance of the Members. The Policyholders Protection Committee met four (4) times during the year under review on April 18, 2019, July 19, 2019, October 18, 2019 and January 17, 2020.

**Attendance record of the Members:**

Name of Member	Number of Meetings held	Number of Meetings attended
Ashvin Parekh, Chairman	4	4
Ved Prakash Chaturvedi	4	3
Uday Chitale	4	4
Murali Sivaraman <sup>1</sup>	NA	NA
Bhargav Dasgupta	4	4

<sup>1</sup> Inducted as a member of the Policyholders Protection Committee w.e.f. January 17, 2020.

**vi) Corporate Social Responsibility Committee**

**Terms of reference**

- Formulation of corporate social responsibility policy indicating the activities to be undertaken by the Company.

- Recommend to the Board the amount of expenditure to be incurred on the corporate social responsibility activities.
- Monitor the corporate social responsibility policy of the Company from time to time.

**Composition**

In terms of provisions of the Act, CSR Committee comprises of four (4) Members, out of which three (3) are Non-executive, Independent Directors and one is (1) Whole-time Director. The CSR Committee is chaired by Uday Chitale, Non-executive, Independent Director of the Company. The composition of CSR Committee is given below along with the attendance of the Members. The CSR Committee met two (2) times during the year under review on April 17, 2019 and July 18, 2019.

**Attendance record of the Members:**

Name of Member	Number of Meetings held	Number of Meetings attended
Uday Chitale, Chairman	2	2
Ved Prakash Chaturvedi	2	1
Murali Sivaraman <sup>1</sup>	NA	NA
Bhargav Dasgupta	2	2

<sup>1</sup> Inducted as a Member of the CSR Committee w.e.f. January 17, 2020

**vii) Stakeholders Relationship Committee**

**Terms of reference**

- Consider and resolve grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities.
- Redemption of securities and the listing of securities on stock exchanges.
- Allotment of shares and securities.
- Review of measures taken for effective exercise of voting rights by shareholders.

## Directors' Report (Contd.)

- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Carrying out any other function as may be decided by the Board or prescribed under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

### Composition

In terms of provisions of the Act and Listing Regulations, the Stakeholders Relationship Committee comprises of Four (4) Members, out of which two (2) are Non-executive, Independent Directors and two (2) are Whole-time Directors. The Stakeholders Relationship Committee is chaired by Suresh Kumar, Non-executive, Independent Director of the Company. The composition of the Stakeholders Relationship Committee is given below along with the attendance of the Members. The Stakeholders Relationship Committee met four (4) times during the year under review on April 17, 2019, July 18, 2019, October 17, 2019 and January 16, 2020.

### Attendance record of the Members:

Name of Member	Number of Meetings held	Number of Meetings attended
Suresh Kumar, Chairman	4	4
Ved Prakash Chaturvedi	4	3
Bhargav Dasgupta	4	4
Sanjeev Mantri	4	2

Vikas Mehra, Company Secretary also acts as the Compliance Officer of the Company.

### Number of Complaints

During the year, the Company/its Registrar & Share Transfer Agent received the following complaints from SEBI/Stock Exchanges which were resolved within the time frames laid down by SEBI.

### Details of Shareholders' Complaints:

Sr No.	Particular	No.
1.	No. of Shareholders' complaints pending as on April 1, 2019	0
2.	No. of Shareholders' complaints received during the year	3
3.	No. of Shareholders' complaints resolved during the year	3
4.	No. of Shareholders' complaints pending as on March 31, 2020	0

During the year under review, the Company has not received any complaints w.r.t. Non-convertible Debentures of the Company.

### viii) Strategy Committee

#### Terms of reference

Evaluation of various strategic opportunities including acquisitions/divestitures and other strategic initiatives for the Company.

#### Composition

The Strategy Committee comprises of Four (4) Members, out of which two (2) are Non-executive, Independent Directors, one (1) is Non-executive, Non-independent Director and one (1) is Whole-time Director. The Strategy Committee is chaired by Uday Chitale, Non-executive, Independent Director of the Company. The composition of the Strategy Committee is given below along with the attendance of the Members. The Strategy Committee met two (2) times during the year under review on July 19, 2019 and October 30, 2019.

**Attendance records of Members:**

Name of Member	Number of Meetings held	Number of Meetings attended
Uday Chitale, Chairman	2	2
Ashvin Parekh	2	2
Vishakha Mulye	2	1
Bhargav Dasgupta	2	2
Vishal Mahadevia <sup>1</sup>	NA	NA

1 Ceased to be a Member of the Strategy Committee w.e.f. July 16, 2019.

**POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION**

The Company with the approval of its Board Nomination and Remuneration Committee has put in place a Policy on Director’s appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a Director as well as a Policy on Board Diversity.

The Policy on Board Diversity is hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/board-diversity-policy.pdf>

The remuneration payable to Non-executive, Independent Directors is governed by the provisions of the Act and related rules to the extent applicable and IRDAI guidelines issued in this regard. The remuneration for the Non-executive, Independent Directors of the Company would be sitting fee for attending each meeting of the Board/Committee as approved by the Board from time to time within the limits as provided under the Act and related rules. Further, in compliance with IRDAI guidelines and the Act, Non-executive, Independent Directors of the Company are also paid profit-related commission as approved by the Board of Directors and Members of the Company from time to time.

Further, the Board of Directors at their meeting held on May 2, 2020 had approved payment of profit-related commission for FY2020 to Non-executive, Independent Directors of the Company.

IRDAI vide its circular dated August 30, 2018 has issued Guidelines on appointment of Common/Nominee Director(s) on the Board of Insurance Company, wherein

it is prescribed that no remuneration (except sitting fees to Non-executive Directors) shall be paid without prior approval of IRDAI. Accordingly, during the year the Company had received approval from IRDAI for payment of profit-related commission to common Directors for FY2019.

All the Non-executive, Independent Directors would be entitled to reimbursement of expenses for attending Board/Committee Meetings and official visits. The Policy on Appointment and Compensation of Employees and Framework for Remuneration to Non-executive Directors is hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/policy-on-appointment-and-compensation-of-employees-and-framework-for-remuneration-to-non-executive-directors.pdf>

**INDEPENDENT DIRECTORS’ MEETING**

The code of conduct for Independent Directors prescribed vide Schedule IV of the Act, provides for an evaluation mechanism for the Board, Chairperson, Non-executive Directors, Whole-time Directors which would need to be done at a separate Meeting of Independent Directors, without the attendance of Non-independent Directors and members of the management.

Non-executive, Independent Directors of the Company met on April 18, 2019 without the presence of Whole-time Directors, Non-executive, Non-independent Directors and management personnel to discuss the framework for evaluation of Directors. They also have a separate Meeting every quarter with the Non-executive Chairperson, without any of the Whole-time Directors being present, to discuss issues and concerns, if any. All Independent Directors of the Company were present at this meeting.

**DETAILS OF MANAGERIAL REMUNERATION FOR FY2020**

**i) Whole-time Directors:**

The Board at its meeting held on April 18, 2019 based on recommendation of the Board Nomination and Remuneration Committee had approved revision in the remuneration, performance bonus and long term performance pay payable to the Whole-time Directors. Subsequently, Members of the Company had approved the same in the 19<sup>th</sup> AGM of the Company held on June 27, 2019. Further, IRDAI vide its letter dated December 26, 2019 had approved the same.

## Directors' Report (Contd.)

The details of remuneration of Whole-time Directors for FY2020 are as under:

Particulars	Details of Remuneration (₹ in million)		
	Bhargav Dasgupta	Alok Kumar Agarwal	Sanjeev Mantri
<b>Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961</b>			
Salary and Allowances for FY2020	43.95	24.40	26.74
Variable pay paid in FY2020 including deferred variable pay for previous years <sup>1</sup>	22.93	12.88	13.67
<b>Value of perquisites under Section 17(2) of Income-tax Act, 1961<sup>2</sup></b>			
Perquisites	0.17	1.16	1.41
Profit in lieu of salary under Section 17(3) of Income-tax Act, 1961	-	-	-
Stock Options – ICICI Lombard General Insurance Company Limited (nos)	192,100	68,300	75,900
Stock Options – ICICI Bank Limited (nos) <sup>3</sup>	228,200	69,600	82,000
Sweat Equity	-	-	-
Commission	-	-	-
- as % of profit	-	-	-
- others, specify	-	-	-
Others - Retirals (PF)	2.94	1.35	1.57

Note: For the financial year ended March 31, 2020 the numbers indicated are the amounts paid/options granted during the year FY2020 as per IRDAI approvals.

- The Variable pay includes deferred variable pay of previous years as approved by IRDAI and paid during FY2020.
- Value of perquisites exclude stock options exercised during FY2020 which does not constitute remuneration paid to the Whole-time Directors for FY2020.
- Subject to approval as per IRDAI.

Provisions towards gratuity, leave accrued and long term performance pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

### ii) Non-executive, Independent Directors:

Non-executive, Independent Directors are appointed for their professional expertise in their individual capacity as professionals. Non-executive, Independent Directors do not have any material pecuniary relationship with the Company other than the sitting fees and profit-related commission payable to them. As provided in Articles of Association of the Company, the fees payable to the Non-executive, Independent Directors for attending a meeting of the Board or Committee thereof is decided by the Board of Directors from time to time within the limits prescribed by the Act.

The details of sitting fees and profit-related commission paid to Non-executive, Independent Directors of the Company during FY2020 are as follows:

Names of the Director	(₹ in million)	
	Sitting fees	Profit-related Commission <sup>1</sup>
Lalita D. Gupte	1.27	1.00
Ved Prakash Chaturvedi	0.93	1.00
Uday Chitale <sup>2</sup>	1.51	1.00
Suresh Kumar	0.89	1.00
Ashvin Parekh <sup>2</sup>	1.45	1.00
Vishal Mahadevia <sup>3</sup>	0.16	- <sup>4</sup>
Murali Sivaraman <sup>5</sup>	NA	0.20

- Profit-related commission for FY2020 will be paid in FY2021.
- Being Common Directors, as per IRDAI guidelines profit-related commission is subject to approval of IRDAI.
- Ceased to be Non-executive, Independent Director of the Company w.e.f. July 16, 2019.
- Pursuant to IRDAI letter.
- Appointed as an Additional Director in the category of Non-executive, Independent Director of the Company w.e.f. January 17, 2020.

**(iii) Non-executive, Non-independent Directors:**

Non-executive, Non-independent Directors were not eligible for any sitting fees and profit-related commission during FY2020.

**Remuneration disclosures pursuant to IRDAI guidelines**

Pursuant to IRDAI guidelines on Remuneration of Non-executive Directors and Managing Director/ Chief Executive Officer/Whole-time Directors of Insurers (“IRDAI Guidelines”) issued vide reference no. IRDA/F&A/GDL/LSTD/155/08/2016 dated August 5, 2016 requires the Company to make the following disclosures on remuneration on an annual basis in the Annual Report:

**Compensation Policy and Practices**

**(i) Qualitative Disclosures**

**A. Information relating to the design and structure of remuneration processes**

**1. Key features and objectives of Remuneration Policy**

The Company has under the guidance of the Board and the Board Nomination and Remuneration Committee (“BNRC/Committee”), follows compensation practices intended to drive meritocracy and fairness.

The twin pillars of performance management and talent management system are closely intertwined with the compensation, benefits and reward mechanism of the Company. While the Company strives to ensure internal and external equity that are consistent with emerging market trends, its business model and affordability based on business performance sets the overarching boundary conditions. This approach has been incorporated in the Compensation Policy, the key elements of which are given below:

**a. Effective governance of compensation:**

The BNRC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for Whole-time Directors and the organisational performance norms for bonus based on the financial and strategic plan

approved by the Board. The KPIs include both quantitative and qualitative aspects. The BNRC assesses organisational performance as well as the individual performance for Whole-time Directors. Based on its assessment, it makes recommendations to the Board regarding compensation for Whole-time Directors and bonus for employees, including senior management and key management persons.

**b. Alignment of compensation philosophy with prudent risk taking:**

The Company seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed bonuses. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, the Company has an employees stock option scheme aimed at aligning compensation to long term performance through stock option grants that vest over a period of time to senior management and Whole-time Directors. Compensation to staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

**2. Whether the Remuneration Committee reviewed the firm’s remuneration policy during the past year, and if so, an overview of any changes that were made.**

The Company’s Remuneration Policy was reviewed by the BNRC and the Board on April 18, 2019. There were no changes made in Remuneration Policy.

**3. Discussion of how the Company ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

The compensation of staff engaged in control functions like risk and compliance depends on their performance, which is based on achievement of the key results of their respective functions. Their goal sheets do not include any business targets.

## Directors' Report (Contd.)

### B. Description of the ways in which current and future risks are taken into account in the remuneration processes

1. Overview of the key risks that the Company takes into account when implementing remuneration measures.

The Board approves the risk framework for the Company and the business activities of the Company are undertaken within this framework to achieve the financial plan. The risk framework includes the Company's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of Whole-time Directors, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as Combined Ratio. The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

2. Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure.

The annual performance targets and performance evaluation incorporate both qualitative and quantitative aspects including combined ratio, reserving and refinement/improvement of the risk management framework.

3. Discussion of the ways in which these measures affect remuneration.

Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Company operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BNRC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. KPIs of Whole-time Directors, as well as employees, incorporate relevant risk

management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the combined ratio and reserving. The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board.

4. Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration.

The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.

### C. Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration

1. Overview of main performance metrics for the Company, top level business lines and individuals.

The main performance metrics include business growth, market share, profits, strategic goals for future, risk metrics (such as combined ratio), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.

2. Discussion of how amounts of individual remuneration are linked to the Company wide and individual performance.

The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation related recommendations to the Board regarding the level of performance bonus for employees and the performance assessment of Whole-time Directors. The performance assessment of individual employees is undertaken based on achievements vis-à-vis

their goal sheets, which incorporate the various aspects/metrics described earlier.

- Discussion of the measures the Company will in general implement to adjust remuneration in the event that performance metrics are weak, including the Company's criteria for determining 'weak' performance metrics.

The Company's Compensation Policy outlines the measures which the Company will implement in the event of a reasonable evidence of deterioration in financial performance. Should such an event occur in the manner outlined in the Policy, the BNRC may decide to apply malus/clawback on none, part or all of the unvested deferred variable compensation.

**(ii) Quantitative disclosures (Whole-time Directors including Managing Director & CEO)**

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of Whole-time Directors including Managing Director & CEO.

Particulars	At March 31, 2020
Number of Whole-time Directors including Managing Director & CEO having received a variable remuneration award during the financial year	3
Number and total amount of sign-on awards made during the financial year	Nil
Details of guaranteed bonus, if any, paid as joining/sign on bonus	Nil
<b>Breakdown of amount of remuneration awards for the financial year (₹ in million)</b>	
Fixed <sup>1</sup>	107.37
Variable <sup>2</sup>	60.41
Deferred	24.16
Non-deferred	36.24
<b>Share-linked instruments<sup>2</sup></b>	
ICICI Bank <sup>3</sup>	379,800
ICICI Lombard	336,300
Total amount of deferred remuneration paid out during the year (₹ in million)	13.25
<b>Total amount of outstanding deferred remuneration</b>	
Cash (₹ in million)	44.43
Shares (nos.)	NIL
<b>Shares-linked instruments<sup>2</sup></b>	
ICICI Bank <sup>3,4</sup>	1,225,270
ICICI Lombard	465,310
Other forms	NIL

- Fixed pay includes basic salary, supplementary allowances, contribution to provident fund and gratuity fund by the Company.
- For the year ended March 31, 2020, variable pay and share-linked instruments represent amounts paid/options awarded for the year ended March 31, 2020 as per IRDAI approval.
- Options granted in FY2020 are subject to approval of IRDAI.
- Pursuant to the issuance of bonus shares by the ICICI Bank Limited under ICICI Bank ESOS scheme on June 24, 2017, the share-linked instruments have been adjusted with increase of one option for every 10 outstanding options.

## Directors' Report (Contd.)

### INTERNAL CONTROL

The Company has adopted the following frameworks in accordance with the requirements laid down under Corporate Governance Guidelines.

#### i. Internal Audit Framework

The Company has an established internal audit framework approved by the Board, which is based on a risk based approach. An annual risk-based internal audit plan is drawn up on the basis of risk profiling of the businesses/departments of the Company which is approved by the Audit Committee.

The key audit findings, the recommendations and compliance mechanism are reported to the Audit Committee every quarter. The Audit Committee actively monitors the implementation of its recommendations. The Chairman of the Audit Committee briefs the Board on deliberations at the Audit Committee Meeting in relation to the key audit findings.

In accordance with IRDAI directives, the Company carries out a concurrent audit of investment operations through a Chartered Accountant firm and reports the findings to the Audit Committee.

#### ii. Internal Controls over Financial Reporting

The Company has in place adequate internal financial controls commensurate with size, scale and complexity of its operations. The effectiveness of internal controls over financial reporting are exhibited through controls testing with samples and have not reported any deficiencies. The Company has in place entity level controls which broadly covers corporate governance, core committees, core policies and risk and fraud control framework and have found no deficiencies in its annual evaluation for FY2020.

The COVID-19 pandemic outbreak has had far reaching impact on several critical risk areas of the business. The Company, on assessment of the associated risks, commenced preparation for risk mitigation at the beginning of March 2020. The Company activated the Crisis Management Team ("CMT") that has been regularly reviewing the developing situation to calibrate the Company's response. The CMT conceptualised and formulated

the business continuity plans for the Company prioritizing the dual objectives of employee safety and delivering customer commitments. From an entity level risk evaluation perspective, the Company believes that the risks arising out of the pandemic are presently at manageable levels for the Company. Processes and controls followed to prepare the financials were also found to hold good and no new financial reporting risks were observed on account of COVID- 19. The Company is closely watching the developing situation for appropriate risk mitigation and management.

#### Risk Management Framework

The objective of the Risk Management Framework of the Company is to ensure that various risks are identified, measured, mitigated and that policies, procedures and standards are established to address these risks for systemic response and adherence. The Company has identified enterprise wide risks, which are categorised under five broad risk groups namely Credit Risk, Market Risk, Underwriting Risk, Operational Risk and Strategic Risk. The broad structure of Risk Management Framework is as follows:

- Risk Identification, Assessment and Mitigation process;
- Risk Management and Oversight structure; and
- Risk Monitoring and Reporting Mechanism.

As part of the Enterprise Risk Management ("ERM") exercise, critical risks along with the detailed mitigation plan are presented to the Risk Management Committee on a quarterly basis. The risk mitigation plans are monitored regularly by the Company to ensure their timely and appropriate execution. The Company further measures each of its risk items against a set of predefined tolerance levels. These levels and the subsequent tolerance scores are classified as high, medium and low risk respectively.

The risks are further monitored on a quarterly basis by using a heat map based on probability and severity. A Risk register is maintained to capture inventory of risks that the Company is exposed to along with mitigation and corrective action plans. The Risk Management Committee is updated on the progress on a quarterly basis.

The ERM function of the Company undertakes a comprehensive Risk and Control Self-Assessment (R & CSA) activity for all units forming part of the risk universe of the Company, to manage the existing and emerging risk areas for the Company.

The senior management of the Company is responsible for a periodic review of the risk management process to ensure that the process initiatives are aligned to the desired objectives.

The Company has an Operational Risk Management Committee, a Market Risk Management Committee and an Outsourcing Committee. The referred Committees are internal governance Committees comprising of various functional heads of the Company, to monitor the levels of risk and their effective management in different focused areas of ERM.

The Internal Audit Department is responsible for reviewing the adherence to various risk management processes within the Company and for the review of self-assessments of risk management activities. Further, compliance testing is done on a periodic basis and the Audit Committee is kept apprised of the outcome of the same.

The Reinsurance Program of the Company defines the retention limit for various classes of products. Further, the Company has in place a risk retention reinsurance philosophy, which defines the product-wise retention limits on a per-risk basis as well as a retention limit on a per-event basis. The Underwriting Policy defines product-wise approval limits for various underwriters. The Investment Policy lays down the asset allocation strategy to ensure financial liquidity, security and diversification. The Company also has in place a Capital Adequacy and Liquidity Management Framework and an Asset Liability Management Policy. These policies ensure maintenance of adequate level of capital at all times to meet diverse risks related to the market and the Company's operation. The Operational Risk Management Policy defines the tolerance limits and lays down the framework for monitoring, supervision, reporting and management of operational risks of the Company. The Company has also adopted the Information Security Policy and Cyber Security Policy in line with the Group Information

Security Policy and the Guidelines issued by IRDAI on Information & Cyber Security. The Company also has an Information Security Committee which reviews the key risks and mitigations plans with respect to information security.

Stress testing is conducted to identify and quantify the overall impact of different stress scenarios on the Company's financial position.

The Company was the first Indian Company to be certified by the British Standard Institution (BSI) for its ERM Framework being compliant with ISO 31000:2018 standard.

The Risk Management Framework of the Company is overseen by the Risk Management Committee of the Board. The Company has a Chief Risk Officer who is responsible for the implementation and monitoring of the framework.

### Cyber Security

Digital transformations have been making waves across all industries and there are multiple areas that are creating disruptions in technology. Such rapid digitisation of businesses has made cyber security increasingly important. Focus on cyber security is also increasing rapidly due to many highly innovative and disruptive security breaches threatening financial services industry.

The Company has a governance framework for cyber & information security with oversight from the Information Security Committee which has executive level representatives from all functions within the Company. The security strategy is based on the principles of "defence in depth" strategy in order to strengthen the management of IT risk and controls.

The Company has established a Board approved Information & Cyber Security Policy which also incorporates a cyber crisis management plan. Implementation of the Information & Cyber Security Policy & plan ensures all information assets are safeguarded by establishing comprehensive management processes throughout the Company. The Company's cyber security approach covers all aspects of prevention, detection and response to cyber threats. Some of the implemented controls include Distributed Denial of Service

## Directors' Report (Contd.)

(DDoS), Advanced Threat Prevention (Anti-APT), Next Generation Firewall with integrated Intrusion Prevention System (IPS), Threat Intelligence and Simulation services etc.

As part of our Information Security framework based on ISO 27001:2013 standard, independent auditors periodically review, validate and certify the controls implemented by the Company.

### RISK MANAGEMENT ASSESMENT ON COVID-19

The COVID-19 pandemic outbreak has had far reaching ramifications in terms of its impact on human lives and business. The pandemic has impacted various organisations across the globe in unprecedented ways, including impacting several critical risk areas.

The Company, anticipating the spread of COVID-19 and the associated risks, commenced preparation for risk mitigation at the beginning of March 2020. The Company already had a Business Continuity Management Policy and Crisis Management Framework in place. The Company activated the CMT comprising the members of the Management Committee and Head of Risk Management. The CMT has been regularly reviewing the developing situation to calibrate the Company's response accordingly.

The broad measures undertaken taken by the Company to handle the crisis arising due to spread of COVID-19, covers the critical areas of employee safety and social distancing, employee engagement and welfare, key initiatives with respect to re-alignment and review of internal processes, transactions, reporting and ensuring minimum business continuity objective.

The Company also undertook a thorough risk assessment and evaluation with respect to the impact of the pandemic outbreak on various areas of enterprise risk such as credit risk, market risk, underwriting risk, operational risk and strategic risk.

Certain key risk assessments undertaken by the Company in the wake of COVID -19 include therein the following:

#### I. Credit Risk Management

The Company faces a credit risk, predominantly with respect to its re-insurance and investments portfolio. AM Best in the first week on April 2020 issued a

'stable' outlook for the global reinsurance industry. The Company has a strong panel of reinsurers and during the renewal process had further improved the quality and strength of the panel. The top 10 international re-insurers on the panel of the Company are leading players in the global re-insurance market. At this point in time, the Company believes that the reinsurance risk is adequately managed.

Although there was a decline in the listed equity portfolio as at March 31, 2020, thereby impacting the solvency, the solvency margin continued to be well over the regulatory prescribed limit of 1.50 times, after taking the impact of the Mark to Market movement.

The Company is continually monitoring the credit ratings of investee companies, and if a reasonable decline in credit worthiness of investee companies is observed, remedial action will be undertaken, if the decline in rating is assessed as a sustained feature going in the long term horizon.

#### II. Market Risk Management

The Company closely monitors the market movement in the equity and debt portfolio and the Company's risk management philosophy is that if the decline in the portfolio exceeds the risk appetite and risk tolerance thresholds defined in the Risk Management Framework, appropriate call would be taken by the Company on its investment portfolio to address the same.

The Company has a defined risk threshold for quantum of investment in liquid assets to manage liquidity risk and the Company was within the risk tolerance threshold as on March 31, 2020. The Company has a fair proportion of its total investment assets as at March 31, 2020, in various liquid assets such as liquid mutual funds, commercial paper, commercial deposit, treasury bills, etc.

The Company monitors its foreign currency risk on payment obligations and monetary receipts. It also undertakes certain measures to mitigate its forex risk.

#### III. Underwriting Risk Management

The Company is leveraging on technology and undertaking virtual risk inspections (VRA) wherein

customer site inspections are being undertaken via video streaming. The Company has also prepared detailed risk questionnaires (in cases where virtual inspection is difficult), wherein responses are being sought from customers and accordingly underwriting decisions are being taken, based on information furnished by the customers. Wherever the Company is required to undertake an inspection in accordance with the formalised Risk Inspection Guidelines of the Company, the required physical inspection of the risk will be undertaken, post the lockdown being lifted.

The Company is required to appoint a surveyor to undertake inspection of sites where a claim has been reported and submit a loss assessment report, prior to settlement of claims. The Company was focused on appointing those surveyors who possess the required technological tools for undertaking virtual surveys for claims assessment.

From a loss mitigation perspective, the Company undertook a classification of risks in the property segment of business. Accordingly for the high risk business segments, the Company prepared a risk mitigation advisory for its customers, with the objective of reducing the probability and severity of losses.

Sensing the need of customers, the Company launched the COVID-19 Protection Cover which is offered in a group construct mode to get the benefits of diversity.

The impact of COVID-19 did not breach the overall risk appetite levels of the Company as at March 31, 2020 and the Company does not foresee the pandemic outbreak having a material impact on its profitability from a loss ratio perspective at this point in time.

#### IV. Operational Risk Management

COVID-19 did not impact the Company's emphasis on the control environment, risk assessment, control activities, information and communication and monitoring controls except for a few operational deviations like:

- Relying on electronic document wherever physically signed document was procured earlier for policy booking.

- Exhibiting a maker-checker sign off via technology based approval platforms, which in normal circumstances are taken on hard copies in certain defined cases.

The Company kept a close focus on cyber security in a Work From Home ("WFH") environment. The cyber security practices were strengthened in view of the external threat environment. WFH best practices including Do's and Don'ts were rolled out to users on a periodic basis using various digital communication channels in the Company. Security related educational videos were published to employees to ensure security in a WFH environment.

Processes followed to prepare the financials were effective and no new financial reporting risks were observed. The Company did not observe any deviations in the process of procuring information for preparing the financials. The process of performing reconciliations to match the information in financial systems vis-a-vis the respective feeder systems is being followed in a business as usual environment.

#### V. Strategic Risk Management

The Company believes that on account of the pandemic outbreak and lockdown orders by the Government, the quantum of business sourced could be below the level of business done had there been no lockdown.

By virtue of industries and offices staying closed, the quantum of new business sourced would be at lower levels and the Company would continue to generate revenue through renewals of its current policies.

The Company took continual and proactive efforts on a sustained basis for educating policyholders through SMS, e-mails, etc. with respect to utilising digital methods.

Various customer communications with respect to service reassurance and also for educating customers on utilising technology platforms for availing insurance services including digital premium payments, were undertaken by the Company.

## Directors' Report (Contd.)

With respect to reputational risk management, the Company believes that there have been no untoward incident(s) faced, which would have a material impact on the brand reputation of the Company in the period of the lockdown till date.

### VI. Enterprise Risk Evaluation and Management

Whilst it is difficult to assess the extent of human and financial cost that the Indian Society and the

economy will have to incur before things come back close to business as usual, at this point in time from a risk evaluation perspective, the Company believes that the risks arising out of the pandemic are at manageable levels for the Company. The Company would continue to closely watch the developing situation for appropriate risk mitigation and management.

### GENERAL BODY MEETINGS:

#### i) Annual General Meetings

The details of the AGMs held in the last three financial years are given below:

Annual General Meeting	Day, Date	Time	Venue
Nineteenth Annual General Meeting	Thursday, June 27, 2019	11.30 a.m.	Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400 025
Eighteenth Annual General Meeting	Thursday, July 12, 2018	2.30 p.m.	Swatantrya Veer Savarkar Auditorium, 252, Shivaji Park, Dadar (West), Mumbai 400 028
Seventeenth Annual General Meeting	Monday, July 10, 2017	3.30 p.m.	ICICI Bank Limited, ICICI Bank Towers, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

The details of the Special Resolutions passed in the AGMs held in previous three financial years are given below:-

General Body Meeting	Day and Date	Special Resolution
Nineteenth Annual General Meeting	Thursday, June 27, 2019	No special resolution was passed
Eighteenth Annual General Meeting	Thursday, July 12, 2018	<ol style="list-style-type: none"> <li>Approval and ratification of ICICI Lombard General Insurance Company Limited-Employee Stock Option Scheme-2005.</li> <li>Approval to Grant of Employee Stock Option to the Employees/Directors of Holding and Subsidiary Company(ies) (Present &amp; Future) under the Revised Scheme.</li> </ol>
Seventeenth Annual General Meeting	Monday, July 10, 2017	<ol style="list-style-type: none"> <li>Amendment to Articles of Association of the Company.</li> <li>Revision of ICICI Lombard General Insurance Company Limited Employee Stock Option Scheme-2005.</li> <li>To permit foreign portfolio investors registered with SEBI to acquire and hold equity shares of the Company under the foreign portfolio investment scheme or any other permissible mode under FEMA up to an aggregate limit of 49% of the paid-up equity share capital of the Company.</li> </ol>

#### Extraordinary General Meeting (EGM)

No Extraordinary General Meeting was held during the financial year under review.

#### Postal Ballot

During FY2020, the Members of the Company had passed following resolutions through Postal Ballot on March 15, 2020:

- Re-appointment of Sanjeev Mantri (DIN: 07192264) as a Whole-time Director designated as Executive Director-Retail of the Company- Ordinary resolution.
- Amendment to the ICICI Lombard Employees Stock Option Scheme-2005- Special resolution.

**Procedure**

The Company follows the procedure as prescribed under Section 108 and Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard-2 on General Meetings and Regulation 44 of Listing Regulations, as amended from time to time. The Members were provided the facility to cast their votes through electronic voting (“e-voting”) or through physical postal ballot form. The Board of Directors of the Company, appointed P. N. Parikh (FCS 327) of Parikh & Associates, Practicing Company Secretaries as the Scrutiniser for conducting the postal ballot process. The Scrutiniser submitted his report after the completion of the scrutiny of the postal ballots (including e-voting). Considering the combined results of the Postal Ballot via postal ballot forms and e-voting facility, the resolutions were passed on March 15, 2020. The results were declared on March 16, 2020 and communicated to the stock exchanges and displayed on the Company’s website at [www.icicilombard.com](http://www.icicilombard.com). The details of the voting pattern is given below:

**Amendment to the ICICI Lombard Employees Stock Option Scheme-2005 - Special Resolution**

<b>Total No. of shareholders</b>	<b>246,532</b>	
<b>Total No. of equity shares</b>	<b>454,435,954</b>	
<b>Particulars</b>	<b>Number of Votes</b>	<b>% of votes</b>
<b>Total No. of equity shares</b>	<b>454,435,954</b>	
No. of Votes - in favour	339,361,704	91.94
No. of Votes - against	29,733,920	8.06

**DETAILS OF THE ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS DURING THE YEAR**

The Company in its ordinary course of business receive orders from Regulators/Courts/Tribunals. There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

**MEANS OF COMMUNICATION**

It is the Company’s belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future

potential. The Company disseminates information on its operations and initiatives on a regular basis. The Company’s website ([www.icicilombard.com](http://www.icicilombard.com)) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on the Company’s strategy, financial performance, operational performance and the latest press releases.

The Company’s investor relations personnel respond to specific queries and play a proactive role in disseminating information to both analysts and investors. All information which could have a material bearing on the Company’s share price is released through as per regulatory requirements. The information is also disseminated to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) from time to time.

The financial and other information and the various compliances as required/prescribed under the SEBI Regulations are filed electronically with NSE and BSE through NSE Electronic Application Processing System (NEAPS) and through BSE Listing Centre and are also available on their respective websites in addition to the Company’s website. Additionally information is also disseminated to NSE and BSE wherever required by e-mail.

The Company’s quarterly financial results are published in the Financial Express (Mumbai, Pune, Ahmedabad, Lucknow, Delhi, Calcutta, Chandigarh, Chennai, Bangalore, Hyderabad, Cochin edition) and Loksatta (Mumbai edition). The financial results, official news releases, analyst call transcripts and presentations are also available on the Company’s website and can be viewed at <https://www.icicilombard.com/investor-relations>

To resolve the queries of shareholders relating to securities, dividend, annual report and other aspects relating to shareholders of the Company, the Company has hosted Investor’s Frequently Asked Questions (“Investor FAQs”). Investor FAQs can be viewed at <https://www.icicilombard.com/investor-relations>.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the financial year under review, is presented in a separate section, forming part of this Annual Report.

## Directors' Report (Contd.)

### GENERAL SHAREHOLDER INFORMATION

Registration No.	129408
Corporate Identification Number (CIN)	L67200MH2000PLC129408
Financial Year	2019-20
Board meeting for adoption of Audited Financial Accounts	Saturday, May 2, 2020
Day, Date and Time of 20 <sup>th</sup> Annual General Meeting	Thursday, August 13, 2020 at 2.00 p.m.
Venue	Through Audio - Video Conference
Financial Year	April 1- March 31
Book Closure	NA
Date of Dividend Payment	NA
Company's Website	<a href="http://www.icicilombard.com">www.icicilombard.com</a>

#### ii) Dividend History along with its date of transfer to Investor Education and Protection Fund (IEPF):

##### FY2019-20

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Interim	35.0%	October 18, 2019	November 18, 2026

##### FY2018-19

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Final	35.0%	June 27, 2019	August 5, 2026
Interim	25.0%	October 20, 2018	November 19, 2025

##### FY2017-18

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Final	25.0%	July 12, 2018	August 13, 2025
Interim	7.5%	October 17, 2017	November 16, 2024
Interim	7.5%	June 23, 2017	July 29, 2024

##### FY2016-17

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Interim	10.0%	March 25, 2017	April 30, 2024
Interim	10.0%	December 23, 2016	January 29, 2024
Interim	8.0%	September 26, 2016	November 1, 2023
Interim	7.0%	June 27, 2016	August 2, 2023

##### FY2015-16

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Interim	7.5%	March 28, 2016	April 27, 2023
Interim	7.5%	December 24, 2015	January 29, 2023
Interim	7.5%	September 28, 2015	October 30, 2022
Interim	7.5%	June 23, 2015	July 29, 2022

##### FY2014-15

Dividend Type	Percentage	Date of Declaration	Date of Transfer to IEPF
Interim	5.0%	March 26, 2015	May 1, 2022
Interim	5.0%	December 29, 2014	February 3, 2022
Interim	7.5%	September 24, 2014	October 28, 2021
Interim	2.5%	June 26, 2014	August 1, 2021

Members who have not claimed their dividend so far in respect of aforesaid periods, are requested to make their claims by sending an e-mail to [einward@kfintech.com](mailto:einward@kfintech.com) or [investors@icicilombard.com](mailto:investors@icicilombard.com) before the same are due for transfer to IEPF.

Further, pursuant to the provisions of Section 124 of the Act, read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to IEPF.

During the year under review, the Company at multiple occasions sent letters to the shareholders requesting them to claim their unpaid/unclaimed dividend. The letters were sent through various modes such as e-mail, physical letters through post and SMS on their registered numbers. The Company also provided necessary assistance to the shareholders to claim their unpaid/unclaimed dividend. The Company has also hosted the details of unclaimed dividend on the website of the Company and can be viewed at <https://www.icicilombard.com/investor-relations>

The Company has appointed Nodal Officer and Deputy Nodal Officer for the purpose of co-ordinating with IEPF authorities. The details of Nodal Officer and Deputy Nodal Officer are hosted on the website

**v) Market Price Information**

The reported high and low closing prices and volume of equity shares of the Company traded on BSE and NSE during the period from April 1, 2019 to March 31, 2020:

Month	BSE			NSE			Total Volume on BSE & NSE
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume	
<b>2019</b>							
April	1,110.20	995.00	1,103,234	1,112.45	994.45	8,838,321	9,941,555
May	1,243.00	1,031.40	544,364	1,283.40	1,010.00	32,697,003	33,241,367
June	1,264.50	1,081.35	991,842	1,264.80	1,081.10	28,759,856	29,751,698
July	1,222.90	1,011.95	556,890	1,224.00	1,011.15	9,319,492	9,876,382
August	1,261.75	1,121.80	465,283	1,260.00	1,116.20	7,949,391	8,414,674
September	1,285.35	1,101.20	25,530,607	1,284.55	1,101.00	33,069,258	58,599,865
October	1,400.00	1,145.85	1,615,815	1,399.00	1,146.35	41,445,390	43,061,205
November	1,399.45	1,283.00	473,456	1,399.75	1,282.50	14,465,535	14,938,991
December	1,439.90	1,316.85	533,418	1,440.40	1,315.90	9,768,817	10,302,235
<b>2020</b>							
January	1,435.00	1,305.55	401,455	1,435.15	1,304.05	8,202,108	8,603,563
February	1,398.45	1,195.00	842,193	1,398.00	1,192.35	7,487,047	8,329,240
March	1,278.00	805.60	991,008	1,279.80	805.00	18,775,644	19,766,652

of the Company and can be viewed at <https://www.icicilombard.com/investor-relations>

**iii) Disclosures with respect to demat suspense account/unclaimed suspense account**

There were no shares lying in the unclaimed suspense account for FY2020.

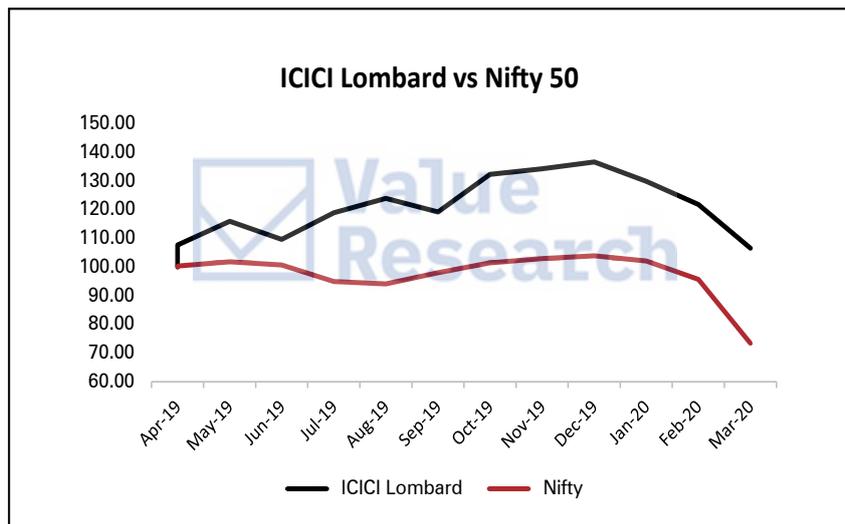
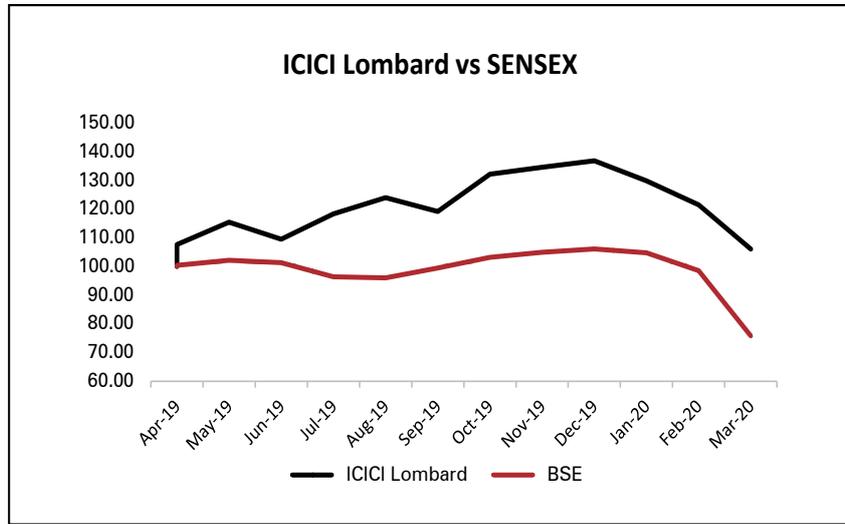
**iv) Listing of Equity Shares and Non-Convertible Debentures on Stock Exchanges**

Currently, the Equity Shares and Non-convertible Debentures issued by the Company are listed at:

Stock Exchange	Code for the Company's Securities	
	Equity	Non-Convertible Debentures
BSE Limited (BSE) Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001.	540716	954492
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5 <sup>th</sup> Floor, Plot C/1 , G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	ICICIGI	ILGI26

The Company has paid annual listing fees for the relevant period to NSE and BSE, where its Equity Shares and Non-Convertible Debentures are listed.

Directors' Report (Contd.)



Note: Share price and Index Price are rebased to 100 for closing price as on April 1, 2019.

vi) Inclusion in Morgan Stanley Capital International ("MSCI") Index

MSCI a leading provider in research-based indices and analytics in its Semi-Annual Index Review included ICICI Lombard General Insurance Company Limited in the MSCI India Domestic Index w.e.f. May 29, 2019. In Indian Capital markets the MSCI index acts as an indicator that helps assess stability and volatility in price of shares and hence essentially tracked by Foreign Institutional Investors (FIIs). The index is reviewed quarterly with the objective of reflecting a change in the underlying equity markets in a timely manner, while limiting undue index turnover. The weightage of Company in MSCI index may vary depending on basis of turnover, market

capitalisation, dividend return etc. As on March 31, 2020, along with MSCI India Domestic Index, the Company is a part of MSCI India Domestic Midcap Index, MSCI India Midcap Index and MSCI India SMID Cap Index.

vii) Share Transfer System

Pursuant to SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, request for effecting transfer of securities in physical form (except in case of transmission or transposition of securities) is restricted w.e.f. April 1, 2019. In case of shares in electronic form, the transfers are processed

by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued. Therefore, Members holding shares in physical form are requested to take action to dematerialise the Equity Shares of the Company, promptly.

The Members can contact the Company or Company's RTA i.e. KFin Technologies Private Limited for assistance in this regard. Members may also refer to Investor FAQs hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/investor-relations>.

**viii) Dematerialisation of Shares and Liquidity**

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.99% of the Company's equity share capital are dematerialised as on March 31, 2020. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE765G01017.

**ix) Registrar and Share Transfer Agents**

Karvy Fintech Private Limited, the Registrar and Share Transfer Agent ("RTA") of the Company for its equity shares, had changed its name to KFin Technologies Private Limited w.e.f. December 5, 2019.

RTA of the Company is Link Intime India Private Limited for Non-convertible Debentures issued by the Company.

Investor services related queries/requests/complaints may be directed at the address as under:

**Equity Shares**

KFin Technologies Private Limited  
Selenium Tower B, Plot 31-32 Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad 500 032  
Tel: +91-40-6716 2222, Fax: +91-40-2343 1551  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Non-convertible Debentures**

Link Intime India Private Limited  
247, Lal Bahadur Shastri Marg,  
Surya Nagar, Gandhi Nagar,  
Vikhroli West, Mumbai 400 083  
Tel: +91-22-2596 3838, Fax: +91-22-2594 6979  
E-mail: [debtca@linkintime.co.in](mailto:debtca@linkintime.co.in)

**x) Information on Shareholding:**

**a. Shareholding pattern of the Company as on March 31, 2020:**

Sl. No.	Category/Name of Shareholder	Number of shares on March 31, 2020	% total
1.	ICICI Bank Limited ( Promoter)	253,843,806	55.86
2.	Foreign Institutional Investors/Foreign Portfolio Investors	106,300,687	23.39
3.	Domestic Mutual Funds	47,562,236	10.47
4.	Retail Shareholders	25,737,779	5.67
5.	Alternative Investment Funds	8,636,940	1.90
6.	Bodies Corporates	4,762,210	1.05
7.	Qualified Institutional Buyers	3,146,848	0.69
8.	Directors	1,276,798	0.28
9.	Non-Resident Indian (Non-Repatriation)	878,989	0.19
10.	HUF	609,724	0.13
11.	Domestic Banks/Financial Institutions	561,741	0.12
12.	Non-Resident Indian	487,328	0.11
13.	Clearing Members	371,351	0.08
14.	NBFCs	192,095	0.04
15.	Trusts	97,035	0.02
16.	Foreign Nationals	697	0.00
	<b>Total</b>	<b>454,466,264</b>	<b>100.00</b>

## Directors' Report (Contd.)

### b. Shareholders of the Company with more than 1% holding as on March 31, 2020

(other than promoter of the Company):

Sr. No.	Name	No. of shares	% of total Number of shares
1.	SBI Mutual Fund through its various schemes	13,233,555	2.91
2.	Aditya Birla Mutual Fund through its various schemes	6,796,301	1.50
3.	Kotak Mahindra Mutual Fund through its various schemes	5,902,048	1.30

As on March 31, 2020, no shareholder of the Company held more than 5% shareholding of the Company other than Promoter of the Company.

### c. Distribution of shareholding of the Company as on March 31, 2020:

Sr. No.	Category	Distribution Schedule		Amount (₹)	%
		No. of cases	%		
1.	1-5000	237,210	98.05	106,778,710	2.35
2.	5001-10000	2,201	0.91	14,717,190	0.32
3.	10001-20000	962	0.40	13,606,270	0.30
4.	20001-30000	304	0.13	7,458,020	0.16
5.	30001-40000	183	0.08	6,384,480	0.14
6.	40001-50000	103	0.04	4,758,810	0.10
7.	50001-100000	255	0.11	18,390,000	0.40
8.	100001 & Above	716	0.30	4,372,569,160	96.21
<b>Total</b>		<b>241,934</b>	<b>100.00</b>	<b>4,544,662,640</b>	<b>100.00</b>

#### xi) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity

This is not applicable to the Company, since the Company has not issued Global Depository Receipts or American Depository Receipts or any convertible instruments.

#### xii) Commodity price risk or foreign exchange risk and hedging activities

This is not applicable to the Company, since the Company does not have any derivatives or liabilities denominated in foreign currency.

#### xiii) Details of utilisation of funds

During the year under review, the Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the Listing Regulations and the Act.

#### xiv) Plant Locations

This is not applicable to the Company, since the Company is not a manufacturing entity.

#### xv) Correspondence Address

Correspondence relating to the financial performance of the Company may be addressed to:

##### Sarvesh Agrawal/Vikas Mehra

ICICI Lombard General Insurance Company Limited  
ICICI Lombard House, 414, Veer Savarkar Marg,  
Near Siddhivinayak Temple,  
Prabhadevi, Mumbai 400 025  
Tel No.: +91-22-6196 1100  
Fax No.: +91-22-6196 1323  
E-mail: [investors@icicilombard.com](mailto:investors@icicilombard.com)

#### xvi) Debenture Trustee

##### Axis Trustee Services Limited

2<sup>nd</sup> Floor, Wadia International Center, Pandurang  
Budhkar Marg, Worli, Mumbai 400 025  
Contact No.: +91-22-6226 0075  
E-mail: [response@axistrustee.com](mailto:response@axistrustee.com)  
Website: [www.axistrustee.com](http://www.axistrustee.com)

**xvii) Credit Ratings**

Rating Agency	Rating	Outlook
<b>Non-convertible Debentures</b>		
Crisil Limited	CRISIL AAA/ Stable	Stable
ICRA Limited	ICRA AAA	Stable
<b>Claims Paying Ability</b>		
ICRA Limited	iAAA	Position: Strong

**DISCLOSURES**

**Related party transactions**

There are no materially significant related party transactions that may have potential conflict with the interest of the Company.

**Details of Non - Compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or SEBI or any statutory authority on any matter related to capital markets**

No penalties or strictures have been imposed on the Company by the stock exchange, or SEBI or any other statutory authority, for any non-compliance on any matter relating to capital markets, during the last three years.

**ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS**

The Company has complied with all mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 of Listing Regulations.

The Company has complied with the non-mandatory requirement of reporting of Internal Auditor directly to the Audit Committee of the Company. The Internal Auditor presents the key audit findings of internal audit department of the Company to the Audit Committee on a quarterly basis along with compliance status of previous Audit Committee. Also, Internal Auditor of the Company presents Risk Based Audit Plan to the Audit Committee.

**WEBLINK WHERE POLICY FOR DETERMINING MATERIAL SUBSIDIARIES IS DISCLOSED**

This is not applicable to the Company, since the Company doesn't have any subsidiary Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**i. Energy & Technology Absorption:**

The details of energy and technology absorption is provided in ESG report forming part of this Annual Report.

**ii. Foreign Exchange Earnings and Outgo:**

During FY2020, expenditures in foreign currencies amounted to ₹ 3.59 billion and earnings in foreign currencies amounted to ₹ 2.36 billion.

**EMPLOYEE STOCK OPTION SCHEME**

In FY2006, the Company had instituted an Employee Stock Option Scheme ("ESOS") to enable the employees and Directors of the Company to participate in its future growth and financial success. As per ESOS, the maximum number of options granted to any employee/ Director in a year shall not, except with the approval of the Board, exceed 0.10% of Company's issued equity shares at the time of grant and the aggregate of all such options (net of forfeited/lapsed) is limited to 5% of Company's issued equity shares on the date of the grant.

The Board at its Meeting held on January 14, 2015 and the Members at the Extra-Ordinary General Meeting held on March 4, 2015 had approved the amendment in the Employee Stock Option Scheme, 2005 to extend the exercise period by three more years in respect of options granted in the years 2005, 2006 and 2007.

Options granted in the years 2005, 2006, 2007, 2008 and 2010 vest in a graded manner over a four year period, with 20%, 20%, 30% and 30% of the grants vesting each year, commencing not earlier than 12 months from the date of grant. Options granted for the year 2009 vest in a graded manner over a five year period with no vesting in the first year and 20%, 20%, 30% and 30% of the grant vesting each year in subsequent four years. Options granted for the year 2011 vest in a gradual manner over a two year period, with 40% and 60% of the grants vesting each year, commencing not earlier than 12 months from the date of grant. Options

## Directors' Report (Contd.)

can be exercised within a period of 13 years in respect of options granted in 2005, 2006 and 2007. Option other than those years can be exercised over a period of 10 years from the date of grant or five years from the date of vesting.

Post listing of equity shares, of the Company, revised Employee Stock Options Scheme has been approved by the Members of the Company and new Options were granted to the eligible employees under normal and special grant in year 2018. Options granted under normal grant for the year 2018 & 2019 would vest in a graded manner over a three year period with 30%, 30% and 40%. Options granted under Special grant would have a lock-in period of 36 months from the date of grant with 50% of the options vesting on July 31, 2021 and the remaining 50% vesting on July 31, 2022. Exercise Period for both the grants of year 2018 would commence from the date of vesting and will expire on completion of five years from the date of vesting of stock options.

The Company had granted 19,343,798 Stock Options to the eligible employees from time to time aggregating to 4.26% of the issued equity share capital of the Company. In line with Remuneration Policy of the Company and benefits of stock options granted as a compensation tool, the Board of Directors at their Meeting held on January 17, 2020 based on the recommendation of the Board Nomination and Remuneration Committee approved the increase in the exiting ESOS pool, that can be granted to the "Eligible Employees" as defined under the revised Scheme, from current 5% to 7% of the aggregate of the number of issued shares of the Company from time to time, on the date(s) of grant of option(s) and decided to seek the approval of the Members of the Company through Postal Ballot. Subsequently, the Members of the Company on March 15, 2020 had approved the same through Postal Ballot.

### Particulars of options granted by Company up to March 31, 2020 are given below:

Options granted	28,447,860
Options vested	18,488,118
Options exercised	14,684,408
Number of shares allotted pursuant to exercise of options	14,681,408
Options forfeited/lapsed	9,139,412
Extinguishment or modification of options*	Nil
Amount realised by exercise of options (₹ in billion)	1.20
<b>Total number of options in force</b>	<b>4,624,040</b>

\* The exercise period for stock options granted between 2005 to 2007 has been modified from tenth anniversary to thirteenth anniversary.

The details as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is hosted on the website of the Company and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/esos-disclosure-2020.pdf>

### ANALYSIS OF CUSTOMER COMPLAINTS

#### a) Customer complaints during FY2020:

No. of complaints pending at the beginning of the year	71
No. of complaints received during the year	2617
No. of complaints redressed during the year	2653
No. of complaints pending at the end of the year	35

#### b) Awards passed by the Insurance Ombudsman during FY2020:

No. of unimplemented awards at the beginning of the year	0
No. of awards passed by Insurance Ombudsman during the year	156
No. of awards implemented during the year	156
No. of unimplemented awards at the end of the year	0

The Company had not challenged the ombudsman order in higher forums. The Company has complied with the Insurance Ombudsman orders as on March 31, 2020.

## **FIT AND PROPER CRITERIA FOR INVESTORS AND CONTINUOUS MONITORING REQUIREMENT**

IRDAI guidelines for Listed Indian Insurance Companies prescribes the following:

1. Self-certification of "Fit and proper person" criteria by a person holding/intending to acquire equity shares of 1% or more of paid-up equity share capital.
2. Prior permission of IRDAI for holding shares beyond 5% of the paid-up equity share capital.

Further information on detailed procedure and format for self-certification is hosted on the Company's website and can be viewed at <https://www.icicilombard.com/docs/default-source/policies-of-the-company/fit-proper-criteria-for-investors-and-continuous-monitoring-requirement.pdf>

During the year, the Company has obtained Fit & Proper declarations in compliance with IRDAI guidelines for Listed Indian Insurance Companies.

## **GREEN INITIATIVES IN CORPORATE GOVERNANCE**

In line with the 'Green Initiative', the Company has effected electronic delivery of Notice of AGM and Annual Report to those Members whose e-mail IDs were registered with the respective Depository Participants and downloaded from the depositories viz. National Securities Depository Limited/Central Depository Services (India) Limited. The Act and the underlying rules as well as Regulation 36 of the Listing Regulations, permit the dissemination of financial statements and Annual Report in electronic mode to the Members. Your Directors are thankful to the Members for actively participating in the Green Initiative and seek your continued support for implementation of the Green Initiative.

As a part of green initiative of Ministry of Corporate Affairs, the Company is continuously encouraging its shareholders via communications to register their e-mail IDs with their Depository Participant(s).

We believe and endorse the 'Green Initiative' as it would not only rationalise the use of paper but also ensure prompt communication, avoid loss in transit and have reference value of the communication.

## **UPDATE ON INDIAN ACCOUNTING STANDARDS IMPLEMENTATION**

IRDAI vide its circular dated March 1, 2016 had advised all Insurers to follow the Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by IRDAI. Insurance Companies are required to comply with Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2019 and subsequently IRDAI vide its circular dated June 28, 2017 deferred the implementation of Ind AS in the Insurance Sector in India for a period of two years and the effective period of implementation of Ind AS in insurance sector was deferred to FY2021. However the requirement of submitting proforma Ind AS financial statement on a quarterly basis continue to be governed as directed by IRDAI vide its circular dated December 30, 2016.

In compliance with the regulatory requirements, the Company has constituted a Steering Committee headed by Sanjeev Mantri, Executive Director to oversee the implementation of Ind AS. The scope of the Steering Committee includes evaluating the impact on the following areas:

- a) Ind AS technical requirements
- b) Systems and processes
- c) Business impact
- d) People
- e) Project management

The Company was presenting a status of implementation of Ind AS to its Audit Committee on a quarterly basis and post that also submitting the same to IRDAI.

During FY2020, IRDAI vide its circular dated January 21, 2020 deferred the implementation of Ind AS. The effective date of implementation shall be decided after the finalisation of International Financial Reporting Standards ("IFRS") 17 by International Accounting Standard Board ("IASB"). IASB has proposed deferral in adoption of IFRS 17 and IFRS 9 to January 1, 2022. IRDAI has also dispensed with the requirement of preparing and submitting proforma Ind AS to the Audit Committee and to IRDAI.

## Directors' Report (Contd.)

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 134(3)(c) of the Act and the Corporate Governance Guidelines, the Board of Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that they have prepared the annual accounts on a going concern basis;
5. that they have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively and;
6. that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENTS

The Company is grateful to the Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Government of India, Reserve Bank of India, Securities and Exchange Board of India for their continued co-operation, support and guidance. The Company wishes to thank its investors, rating agencies, depositories, Registrar & Share transfer agent & Stock Exchanges for their support.

The Company would like to express its gratitude for the continued support and guidance received from ICICI Bank Limited and its group companies.

The Company would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative have made the Company's growth and success possible and continue to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

May 2, 2020  
Mumbai

**Lalita D. Gupte**  
Chairperson  
DIN: 00043559