

Annual Report 2015-16



Reaching.
Reassuring.
Reinstating.



What's Inside

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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words

such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known

or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Reaching. Reassuring. Reinstating.

At ICICI Lombard, customer-centricity is the cornerstone of our culture. Stretching ourselves for our customers, it is deeply embedded in our DNA to go beyond the ordinary for their smiles and satisfaction. Whether our customers face an untoward incident due to the unpredictability of nature, suffer losses due to accidents or face medical challenges, we remain committed to stand by our customers, serving them in the moment of truth.

The recent floods in Chennai affected the lives of hundreds of people and caused widespread damage. In the face of such unexpected events, we at ICICI Lombard remained undeterred towards our responsibilities and purpose. Reaching out and reassuring customers by going the extra mile, reinstating normalcy as fast as possible, we remained steadfast in reducing emotional

trauma and impact of loss. Fast, fair and friendly as always, there was an ingrained desire to put customers' needs above all.

At ICICI Lombard, our value proposition is driven by a promise to be the best partner for our customers. Simply put, it means providing uncompromising service. This deep and abiding commitment to our customers guides us to do things right every time. It inspires us to evolve our services every day, in ways both big and small. Customer satisfaction is a promise to be lived every day. For our customers' peace of mind is our reward.



At ICICI Lombard, customer-centricity is the cornerstone of our culture.

ICICI Lombard at a Glance

ICICI Lombard General Insurance Company Limited (ICICI Lombard / Company) is one of India's leading private sector general insurance companies.

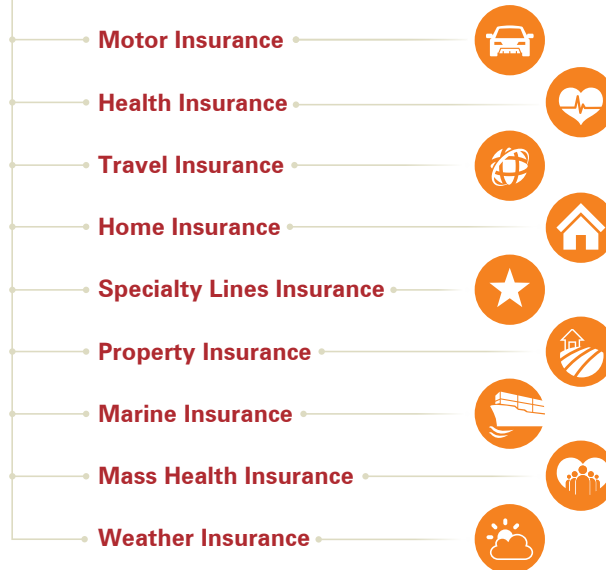
Founded in 2001, ICICI Lombard is a joint venture between ICICI Bank Limited, India's largest private sector bank in terms of consolidated total assets and Fairfax Financial Holdings Limited, a Canada-based diversified financial services company engaged in general insurance, reinsurance, insurance claims management and investment management.

Driven by a customer-first philosophy, the Company provides prudent risk management solutions, across a wide range of business lines, in a fair, fast and friendly manner. The offerings are underpinned by innovation and internationally benchmarked service quality standards to exceed customer expectations.

Through the outstanding efforts of its employees, the Company delivers quality and consistency in customer interaction, and builds a relationship of trust with its customers. A holistic approach to customer well-being and being a reliable single-point destination for varied customer requirements also distinguishes ICICI Lombard as an agile entity.

Serving customers with transparency during the entire lifecycle of the relationship is ICICI Lombard's unwavering commitment: from the policy advise stage to renewals and claims. The Company's excellence in products and services is further backed by a robust technology infrastructure, and the Company is continually investing in elevating its technological expertise.

ICICI Lombard continues to reinforce its industry leadership by offering products that address the challenges of today's world. The broad portfolio of distinctive specialty products include:



₹ **83.07** Billion

Gross Written Premium in FY2016

15.80 Million

Policies Issued in FY2016

7,954

Head Count

1.62 Million

Claims Settled in FY2016

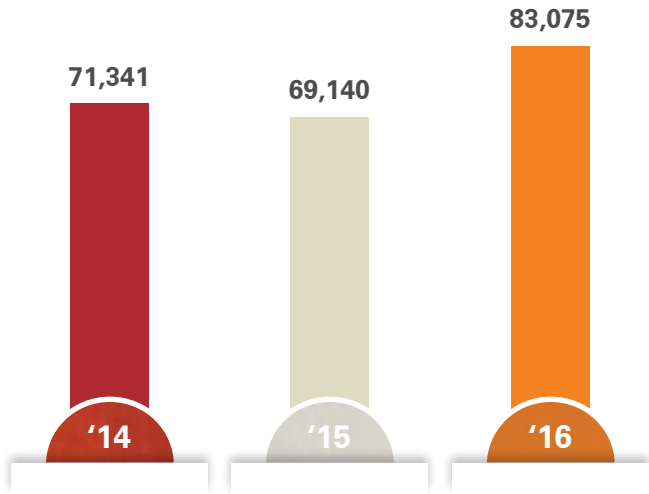
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Branches as on March 31, 2016

Financial Performance FY2016

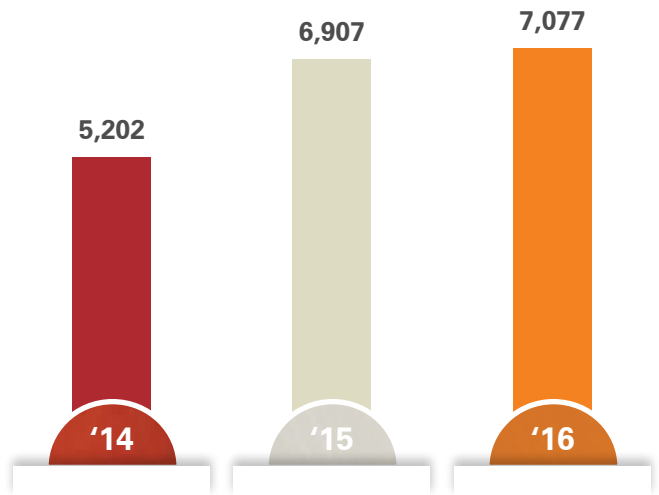
Revenue Growth

(Gross Written Premium (GWP) in ₹ Million)



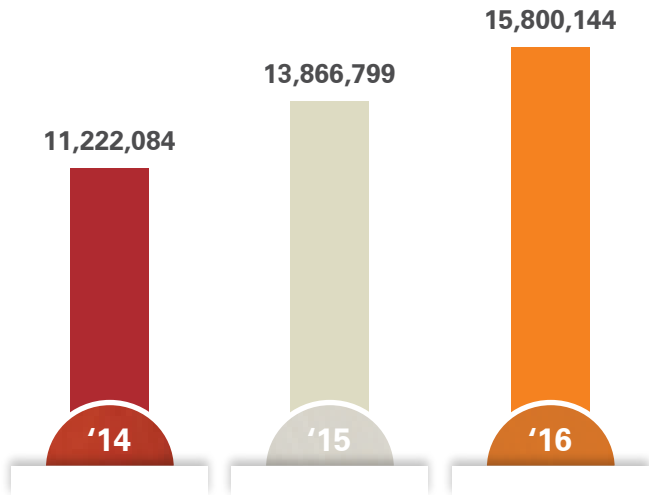
Profit Before Tax

(₹ in million)



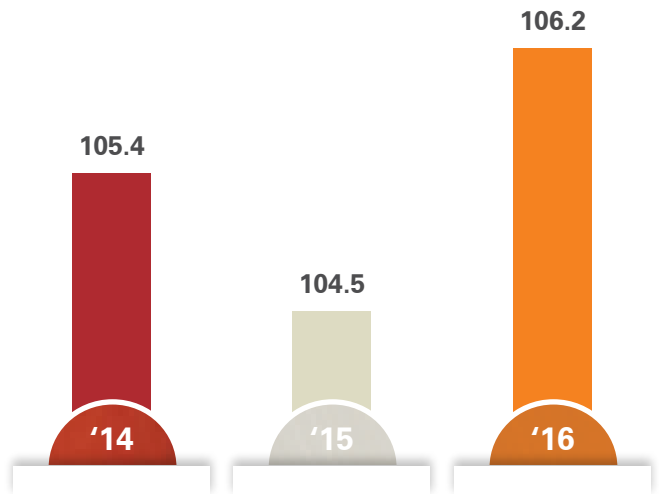
Policy Growth

(Number of policies sold)



Combined Ratio

(%)



Awards and Accolades



Golden Peacock Award for Business Excellence, 2016

The award recognises best management practices that act as the basis for business excellence. ICICI Lombard General Insurance received the award for its robust risk management practices and customer-centric initiatives.



Outlook Money Non-life Insurer of the Year Award, 2015

ICICI Lombard General Insurance was adjudged the 'Non-life Insurer of the Year' at the coveted Outlook Money Awards, 2015. Non-life Insurance as a category was included for the first time at the Outlook Money Awards, which were introduced more than a decade ago. ICICI Lombard has been chosen as the winner in the introductory year of the award category.



Golden Peacock Corporate Social Responsibility Award, 2015

ICICI Lombard General Insurance was conferred the coveted 'Golden Peacock Corporate Social Responsibility Award 2015'. The award recognises the Company for its continuous contribution to CSR and especially for its 'Caring Hands' initiative, an employee volunteering CSR programme.



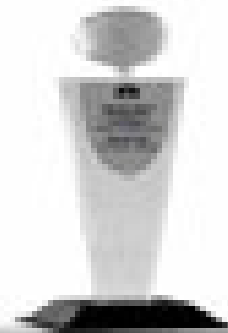
Golden Peacock Innovation Management Award, 2015

ICICI Lombard was given the award for demonstrating innovation across multiple functions of its business operations and promoting the 'culture of innovation'.



E-Business Leader Award, 2015

ICICI Lombard was conferred with the 'E-Business Leader' Award in the General Insurance Category at the 5th annual edition of the Indian Insurance Award 2015 for its performance, growth, product and market innovation, customer service and technology.



Best Travel Insurance Company, 2015

ICICI Lombard was named as the 'Best Travel Insurance Company' by CNBC Awaaz Travel Awards 2015 presented by the Chhattisgarh Government based on an online and on-air survey.

Corporate Information

Board of Directors

Chanda Kochhar

Chairperson

R. Athappan

Director

Vijay Chandok

Director

(w.e.f. January 15, 2016)

Dileep Choksi

Director

Uday Chitale

Director

(w.e.f. April 19, 2016)

Zarin Daruwala

Director

(up to January 5, 2016)

N. S. Kannan

Director

Ashvin Parekh

Director

S. Mukherji

Director

Chandran Ratnaswami

Director

M. K. Sharma

Director

(up to July 31, 2015)

Bhargav Dasgupta

Managing Director

Alok Kumar Agarwal

Executive Director

Sanjeev Mantri

Executive Director

Board Nomination & Remuneration Committee

Uday Chitale

Chairman

Chanda Kochhar

Chandran Ratnaswami

Ashvin Parekh

Investment Committee

Chandran Ratnaswami

Chairman

N. S. Kannan

Bhargav Dasgupta

J. V. Prasad

S. Gopalakrishnan

Gopal Balachandran

Audit Committee

Ashvin Parekh

Chairman

Uday Chitale

S. Mukherji

Risk Management Committee

S. Mukherji

Chairman

R. Athappan

Ashvin Parekh

Bhargav Dasgupta

Policyholder Protection Committee

Ashvin Parekh

Chairman

S. Mukherji

Chandran Ratnaswami

Bhargav Dasgupta

Corporate Social Responsibility Committee

Uday Chitale

Chairman

S. Mukherji

R. Athappan

Bhargav Dasgupta

Auditors

Khandelwal Jain & Co.

Chartered Accountants

Chaturvedi & Co.

Chartered Accountants

Message from the Chairperson



Chanda Kochhar
Chairperson

Dear Shareholders,

Fiscal 2016 was characterised by divergence in global economic trends and global growth remained low. Among the major economies, while the US raised the main policy rate after nearly a decade, the Eurozone and Japan continued to rely on accommodative policies and unconventional measures including negative interest rates to combat weak growth and economy uncertainty. Even as China's decades long growth cycle moderated, India gained prominence as the fastest growing major economy in the world.

The general insurance industry showed promise as it returned to double digit growth in FY2016. This sector holds immense potential when one compares India's insurance penetration with other countries. At 0.7% of GDP, India's penetration level is much lower than other emerging markets including China (1.3%) and Brazil (1.7%). With around 40% of the nation's population in the working age group, the need for asset acquisition and therefore asset protection will only increase in the coming years, adding to the industry's growth prospects.

The Insurance (Amendment) Bill, 2015 permitting foreign investment up to 49% in the insurance sector was a major milestone of FY2015 and the industry is already

With around 40% of the nation's population in the working age group, the need for asset acquisition and therefore asset protection will only increase in the coming years, adding to the industry's growth prospects.

witnessing the positive impact of its announcement. In the last 12 months, the industry has seen multiple transactions. Fairfax Financial Holdings Limited also increased its stake in ICICI Lombard to 35% reinforcing a long-term commitment to the Indian market and at the same time establishing a strong valuation benchmark. The transaction is a testimony to the substantial value created by the Company and a statement of

confidence in its growth potential and ability to harness emerging opportunities to stay ahead of competition.

Over the last few years, we have witnessed several catastrophic events including Uttarakhand floods, Cyclone Phailin and the unprecedented floods in Chennai and the surrounding regions in FY2016. Even as we raised our benchmark to service our customers during these catastrophic events, our employees displayed outstanding commitment and dedication as they reached out to customers in tough conditions, comforting them and walking the extra mile to restore normalcy in their hour of need. The feedback from customers praising the team's swift and sensitive response is a demonstration of our philosophy to be fast and responsive to our customer. I am happy to see the team consistently exemplifying these values through actions.

Our experience shows that unparalleled customer service provides a competitive edge to any organisation. Customer-centricity will always take the centrestage at ICICI Lombard. We continue to make relevant investments in infrastructure, manpower and processes to deliver a best-in-class experience to our customers. At the same time, we have adopted leading technology to service

our customers more efficiently and effectively, while optimising backend processes. Early on, we identified technology as a core element that linked all aspects of the business and we continue to scale up our investment and application of technology.

We are committed to being a responsible and socially aware organisation. Our corporate social responsibility initiatives focus on empowerment of the youth and skill development, which are key areas that need attention in a growing economy like India, and we have initiated multiple programmes on this front. I congratulate the team on completing five years of its employee volunteering programme 'Caring Hands'.

ICICI Lombard is a vital and integral part of ICICI Group's strategy of offering a diversified umbrella of financial services. Our multi-segment presence has enabled us to contribute towards the nation's progress. The future beholds both challenges and promises. We are confident of realising the goals that we set for ourselves and look forward to the support of all our stakeholders.

Chanda Kochhar
Chairperson

Message from the Chairman, Fairfax Asia



Ramaswamy Athappan

Chairman
Fairfax Asia Limited

Dear Shareholders,

India clearly stands out as an outperformer in the current global scenario marked by uncertainty and reduced expectations on the growth front. The fact that the country has taken over as the fastest growing major economy in the world clearly shows the potential of this young and aspiring nation. With around 40% of its population being in the working age group of below 60 years, the India growth story is here to stay for a long time.

Even as we stay positive about the macroeconomic scenario, we are equally enthusiastic of the way the insurance industry is evolving in the country. The Insurance (Amendment) Bill, 2015 that was passed in March last year will facilitate the long term development of the industry even as insurance companies work towards harnessing their individual franchises. We are extremely confident of the industry growth prospects and our General insurance franchise, ICICI Lombard General Insurance. FY2016 was a year of significance for us as we increased our stake in the joint venture by 9% to take our shareholding to 35%. We believe that the transaction value that was at multiples to the book value is an evidence of the leadership stature of the franchise and its growth prospects. For us,

expanding into markets which showcase high growth potential remains a priority as we seek to play a larger role in the global insurance realm. India fits in perfectly in this framework and we are committed to move forward on our business goals with our joint venture partnership.

ICICI Lombard has been setting new benchmarks in the industry driven by its philosophy of

The Insurance (Amendment) Bill, 2015 that was passed in March last year will facilitate the long-term development of the industry even as insurance companies work towards harnessing their individual franchises.

customer-centricity. We are deeply encouraged to note the overall business growth for FY2016 which enabled the company to further strengthen its market leadership position in the private sector. Even as it leads in terms of product and service innovations, we see a clear thrust towards enhancing risk management capabilities by introducing global practices.

Technology has always been a key area of differentiation for the Company and we are happy to note that it continues to invest in this area to further enhance the customer experience. As the world moves towards mobility solutions, the Company has been the frontrunner on this aspect and has ensured a strong presence across mobile platforms. Further, by deploying technology solutions for its business partners, it has empowered them to build and nurture a sustainable business.

Even as business leadership remains the focal area, the Company has ensured that it plays the role of a responsible Corporate Citizen. The overwhelming voluntary participation of employees in CSR activities is a major factor for its success and we thank them for their efforts. We are also happy to note that the Company continues to lay emphasis on

programmes which institutionalise safety as a way of life, especially where it concerns children.

As we move forward, we are excited to be part of this unique franchise. We will continue to work towards further enhancing the ICICI Lombard partnership and thereby provide enhanced value to all stakeholders.

Ramaswamy Athappan

Chairman

Fairfax Asia Limited

Message from the Managing Director & CEO



Bhargav Dasgupta
Managing Director & CEO

Dear Shareholders,

The non-life insurance industry returned to double digit growth trajectory in FY2016 registering a growth of 13.8%. The sector holds immense growth potential in India considering the low penetration of 0.7% of GDP. As an industry, non-life insurance employs 7 lakh individuals either directly or indirectly and has an important role to play in the country's growth story – research shows that there is a robust causal relationship between insurance penetration and economic growth.

At ICICI Lombard, we continued to lead the industry growth curve with GWP rising to ₹ 83.07 billion, an increase of 20.2%.

We strengthened our position in the industry as our market share improved to 8.4% from 7.9% in FY2015. The fact that this growth was driven by businesses across corporate and retail lines is really encouraging. On the profitability front, we recorded a profit before tax of ₹ 7.08 billion, despite being impacted by adverse weather conditions and catastrophic events such as Chennai floods.

During the year, our JV partner, Fairfax Financial Holdings Limited increased its stake in the joint venture by 9% to 35% at a transaction value of 5.7x book value. This is a testimony to the shareholders' confidence in the long-term potential of our General Insurance franchise.

Even as we scaled up on our business performance, we enhanced our actuarial and risk management capabilities. Our solvency ratio (a measure of claim settlement capacity) was 1.82x in FY2016 against the regulatory requirement of 1.50x. Globally, reserving triangles are used by General Insurers to demonstrate their capabilities on correctly estimating financial reserves. We are the first General Insurance company in India to have disclosed reserving triangles in our financial reporting for FY2016.

Customer-centricity continues to be at the forefront of our business focus. In FY2016, we further raised the bar as our employees showcased exemplary service during the Chennai floods. Regardless of their function or

geography, they worked relentlessly to address customer queries and settle claims. It is noteworthy to mention that we settled 95% motor insurance claims within 10 days of documents receipt despite receiving over 11,000 claims, a rise of 500% above the average. Further, we made advance payments in case of total loss claims below ₹ 10 lakh in our endeavour to alleviate the financial impact on our customers.

We set new standards on the customer service front, as we serviced 15.80 million policies, an increase of 13.9% over FY2015. Staying true to our philosophy of delivering on promises, we settled 1.62 million claims. Our claim settlement response time further improved during the year as we settled 99.09% health insurance claims in FY2016 within 30 days compared to 98.20% claims in FY2015. On the motor claims front, we maintained our track record of honouring 93.2% of motor claims (own damage) within 30 days. Customer grievances continued to reduce, declining by 17% in FY2016.

Transcending our primary role of risk management, we introduced innovative solutions that provide holistic solutions to customers. We launched a first of its kind 'Health Advisor' platform wherein consumers (not limited to ICICI Lombard customers) can avail information on hospitals i.e. cost of treatment, infrastructure etc. The platform offers over 10,000 rating and feedback for more than 1,000 hospitals, so that one can take an informed decision before

enrolling at a specific hospital. In another case of innovation, we launched a Long-Term Two-Wheeler Insurance product, wherein two-wheeler owners can renew their policy for up to 3 years, removing the hassle of annual renewal. We also tied up with petrol pumps to enable customers to purchase and receive a printed copy of the 3-year policy using mobile printers, while they were refuelling their vehicle. It was encouraging to note that the product crossed the ₹ 100 crore premium milestone within 9 months of launch.

We continued to win accolades through the year for our customer-oriented approach. We were adjudged the winner in the newly introduced 'Non-Life Insurer of the Year' category at the Outlook Money Awards, 2016. We also won three Golden Peacock awards in a single year, including 'Innovation Management Award', 'Business Excellence Award' and 'Corporate Social Responsibility Award'. We were chosen as the 'E-Business Leader' in the General Insurance Category at the Indian Insurance Award, 2015. ICICI Lombard also won the prestigious Celent Model Insurer Award, 2016 for Legacy and Eco-system transformation.

Even as we set new benchmarks on the business front, we continued to execute our responsibilities as a responsible Corporate Citizen. We spent just over 2% of our average profit of last 3 years ahead of the statutory requirements. In FY2016, we embarked on a new CSR initiative, 'Ride to Safety'. This unique Road Safety programme is

Even as we set new benchmarks on the business front, we continued to execute our responsibilities as a responsible Corporate Citizen.

focussed on making roads safer for children riding as pillion riders on two wheelers. As part of the initiative, we conducted over 100 workshops in Mumbai, Delhi and Pune through our NGO partners, reaching out to more than 15,000 parents and children to spread the road safety message. We also distributed 9,000 specially designed ISI-marked helmets to children as part of this noble cause. Separately, our employee volunteering programme 'Caring Hands' reached a milestone having completed 5 years in FY2016. As part of the initiative, our employees organised eye check-up camps benefiting 28,574 under-privileged children across 245 schools, resulting in diagnosis of 4,230 cases of poor vision, who were given free spectacles.

FY2016 was the year when we set new benchmarks in the industry. As we move forward, we will continue with our customer-centric approach to address the risk mitigation needs of our customers efficiently and effectively.

Bhargav Dasgupta
 Managing Director & CEO

Decoding the Devastation of Recent Natural Disasters

Chennai Floods 2015

Some facts that reveal the story:

- In November, the city records **1218.6 mm of rain**, which is **3 times its monthly rainfall**. Normal rainfall figures for November stand at **407.4 mm**.
- On December 1, Chennai receives a **record breaking 272 mm of rainfall** in just **12 hours**. The city's normal rainfall for December stands at 191 mm.
- The December 1 downpour breaks **100-year 24-hour rainfall record**.

And the aftermath...

- More than **500 lives lost**
- Over **18 lakh displaced**
- Property, motor vehicles and large-scale projects impacted
- Damages estimated - **₹ 40,000 crore (US\$6 billion)**
- **Most damaging floods** in 2015
- Among the costliest **natural disasters in the world** in 2015

Uttarakhand Floods 2013

Claimed more than
5,700 lives

- More than **110,000 people evacuated**
- Estimated losses ₹ **13,000 crore**



Typhoon 'Phailin' 2013

Heavy rains and more
than 241 km/h (150
mph) winds

- Evacuation of about **1 million residents**
- Disaster preparedness kept **loss of lives to less than 50**
- **Lakhs of homes** damaged
- Livelihoods of over **13 million people affected**
- Estimated losses ₹ **30,000 crore**



General Insurance Sector Overview



In Fiscal 2016, the general insurance industry witnessed growth of 13.8% as the Gross Direct Premium Income (GDPI) grew to ₹ 964.02 billion vis-à-vis ₹ 846.86 billion in FY2015.

13.8%

Gross Direct Premium Income (GDPI) growth

The motor insurance segment, which accounts for over 44% of the industry GDPI, demonstrated a growth of 13.7% in FY2016, as compared to 10.3% in the previous financial year. The business grew to ₹ 424.11 billion in FY2016, as compared to ₹ 373.14 billion in the previous fiscal. Health Insurance segment (including specialised health institutions) too displayed a positive picture, recording improved growth as compared to the previous fiscal. The segment registered a growth of 21.8% to ₹ 247.84 billion in FY2016 as compared to ₹ 203.48 billion in FY2015.

13.7%

Growth in Motor Insurance segment in FY2016

Review of Claims Reserves

The provisions for IBNR are calculated separately for each year of occurrence and are aggregated to arrive at the total amount to be provided, by line of business.



Liability of Unpaid Losses and Loss Adjustment Expenses

Insurance companies are required to establish a liability in their accounts for the unpaid portion of ultimate costs (including loss adjustment expenses) of claims that have been reported but not settled and of claims that have been incurred but not reported.

There are several possible methods for the determination of this ultimate cost. The method most appropriate in a particular case will depend on the nature of the business and the claims development pattern. The provisions for IBNR are calculated separately for each year of occurrence and are aggregated to arrive at the total amount to be provided, by line of business. ICICI Lombard's approaches are consistent with regulatory guidelines, which do not permit discounting of reserves or negative provisions for any particular year of occurrence.

The process of establishing the liability for unpaid losses and loss adjustment expenses is complex and imprecise, as it must take into consideration many variables that are subject to the outcome of future events. As a result, informed subjective estimates and judgements about our ultimate exposure to losses are an integral component of the Company's loss reserving process.

A significant proportion of the Company's reserves are for motor third party liability lines, which tend to involve longer periods of time for the reporting and settlement of claims. This may increase the inherent risk and uncertainty associated with the loss reserve development.

One of the significant factors involved in estimating the future claims liability is the effect of inflation on claims. The anticipated effect of inflation is implicitly considered when estimating liabilities for unpaid losses and loss adjustment expenses. Estimates of the ultimate value of all unpaid losses are based in part on the development of average paid losses, which reflects inflation. Inflation is also reflected in the case estimates established on reported open claims, which, when combined with paid losses, form another basis for the derivation of estimates of reserves for all unpaid losses. ICICI Lombard

also considers specific factors that may impact losses, such as changing trends in medical costs, minimum wages and other economic indicators, and changes in legislation and social attitudes that may affect the decision to file a claim or the magnitude of court awards. There is no precise method for subsequently evaluating the adequacy of the consideration given to inflation, since claim settlements are affected by many factors.

provides a measure of the Company's ability to estimate the ultimate value of claims. The loss development table which follows shows the estimate of ultimate losses, including loss adjustment expenses, at the end of each accident (occurrence) year, and each accident year's provision for losses and loss adjustment expenses in subsequent years. ICICI Lombard provides this information from AY 2008-09, the first year after the de-tariffing of the market.

information becomes known about the development of losses for each individual accident year. The increase or decrease is reflected in the operating results during the period in which the estimate is changed. The accident year outstanding provisions reflect remaining unpaid claims for the Company pertaining to the accident year, but that are yet to be settled. These are a combination of case reserves for reported claims and IBNR provisions.

Development of insurance losses, net of reinsurance

The development of insurance liabilities

This estimate of losses and their corresponding provision is increased or decreased as more

Incurred Losses and Allocated Expenses (Ultimate movement)

All figures are in ₹ Million

As at March 31	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15	AY 15-16
End of First year	12,855	15,128	20,656	22,530	27,974	35,957	34,160	39,131
One year later	13,240	15,232	20,435	21,967	27,021	34,628	33,949	
Two years later	13,034	15,390	20,405	21,745	26,517	34,371		
Three years later	13,206	15,517	20,361	21,846	26,400			
Four years later	13,345	15,546	20,474	21,831				
Five years later	13,386	15,656	20,484					
Six years later	13,458	15,907						
Seven years later	13,527							
Deficiency / (Redundancy) (%)	5.2%	5.2%	-0.8%	-3.1%	-5.6%	-4.4%	-0.6%	

AY - Accidental Year

Unpaid Losses and Loss Adjustment Expenses

All figures are in ₹ Million

As at March 31	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15	AY 15-16
End of First year	4,814	5,313	7,176	7,980	12,012	17,323	17,095	20,437
One year later	1,608	1,826	2,667	3,333	6,110	9,695	11,581	
Two years later	855	1,344	1,998	2,459	4,724	7,919		
Three years later	726	1,149	1,581	2,119	3,842			
Four years later	712	965	1,391	1,760				
Five years later	617	904	1,130					
Six years later	586	830						
Seven years later	585							

AY - Accidental Year

The accident year losses and expenses, as well as the reserves outstanding, do not include the erstwhile India Motor Third Party Insurance (Dismantled) Pool or the Commercial Vehicle Declined Risk Pool arrangements as they are in run-off.

Organisation Structure

The operating matrix at ICICI Lombard is designed to cater to four key stakeholders – customers, employees, channel partners and other stakeholders via four verticals: Wholesale Insurance Group, Government Business Group, Retail Group and Shared Services.

Wholesale Insurance Group

Conglomerates, small and medium enterprises are offered integrated insurance solutions. Customised solutions such as fire, marine, engineering, liability solutions, employee group insurance schemes and large scale health and personal accident covers enable client requirements to be exactly met.

Government Business Group

State and Central governments or government-owned enterprises and rural customers are offered insurance solutions. The product range includes cover for weather, cattle, health and personal accident, among others.

Retail Group

Individual customers are served through multiple channels, such as agents, brokers, bancassurance, telesales, direct alliances, worksites and online. Product breadth covers insurance solutions in the health, home, motor, travel and personal accident space.

Comprises verticals that provide support and service to business functions. These include underwriting, customer relationship, technology, operations, reinsurance, broking, finance and accounts, human resources, legal, marketing, business analytics unit, administration and fraud control are among the functions that form this unit.

Shared Services

FY2016 was a successful year for the Wholesale Insurance Group, accomplishing several milestones during the period:

1. Increased market share across portfolios



a. Fire

Market share increased to 7.2% in FY2016, compared to 6.8% in FY2015. This was attributable to the portfolio de-risking strategy adopted by the Company. As a result, concentration risk has been reduced.



b. Engineering

Market share increased to 8.4% in FY2016 from 7.3% in FY2015. This was largely driven by new business being acquired by working with large public energy conglomerates.



c. Marine

Market share increased to 10.0% in FY2016 from 8.2% in FY2015. Innovative offerings such as risk management services including 'loss control' activities of high frequency accounts using Marine Loss Control Engineering (MLCE) enhanced the performance of this portfolio.



d. Liability

Market share increased to 10.8% in FY2016 from 10.3% in FY2015 through improved channel engagement network performance of this portfolio.

WHOLESALE INSURANCE GROUP

To address the insurance-related needs of commercial organisations across industries, the Wholesale Insurance Group provides customised options to suit their unique needs. The segment comprises four niche-focussed subdivisions as shown below:

Subdivision	Function
Specialised Industry Group	Meets the need of large clients in specialised business segments
International Business Group	Provides coverage against international risks to Indian businesses
Small and Medium Enterprises Group	Caters to Micro, Small and Medium Enterprises (MSMEs) across industries
Corporate Solutions Group	Provides insurance solutions to large corporate companies across industries

Organisation Structure



During the year, the Company became the first to introduce the Outpatient Department (OPD) health insurance offering in the form of a cashless OPD card for corporate enterprises.

2. Prudent approach across health portfolio

The Corporate Health segment holds a 34% share in the overall corporate insurance business of the industry. During the year under review, the industry witnessed segment growth by 18% as compared to 15% in the previous year. However, the challenging pricing environment reduced underwriting profitability. To ensure that growth remains value-accretive in this segment, the Company followed a focussed policy of reaching out to select businesses that offer financial viability from a long-term perspective.

3. Reinforcing customer focus

Engaging and customised solutions which would resonate with customer requirements were introduced during the year. The new offerings include:



a. Health Value-Added Services

Wellness

With growing health awareness, customers are increasingly seeking packages which provide health benefits. Recognising this, the Wholesale Insurance Group initiated primary health care and specific disease management programmes for its customers. As a result, wellness activities have now been implemented across corporate accounts.

ICICI Lombard's constant focus towards providing fast, fair and friendly services have resonated well with customers availing property solutions.

Cashless OPD

During the year, the Company became the first to introduce the Outpatient Department (OPD) health insurance offering in the form of a cashless OPD card for corporate enterprises. Designed to provide real time and hassle-free cashless outpatient services to customers, this value-offering will enable corporate enterprises to better manage the medical cases and expenses of their employees. Several large corporate customers have already availed of this offering and the Company is confident of expanding its customer base even further in the coming months.

Managed Care programme

ICICI Lombard's Managed Care programme enhanced the overall health index of its corporate clients' employees, while reducing the total claim ratio. This was achieved by adopting the approach of fixed payment per enrollee.

b. Marine Value-Added Services

Loss control services enable clients' losses to be minimised by identifying, assessing and providing control measures. During the year, high-quality, valuable loss control service across logistics supply chain was provided

to clients. Anti-hijacking insurance was among the customised solutions made available to clients as part of their insurance programme. Through the services of knowledgeable and experienced professionals, tailor-made solutions for fast and effective recovery were provided for quick settlement of cargo claim, while keeping business disruptions at minimum. By offering integrated insurance and risk engineering solutions for reducing high-frequency losses, the Company noted risk improvement in 40% cases.

c. Property Value-Added Services

The Company maintained its focus on providing value-Added services in the area of property insurance. The programmes were evolved under property risk inspections, management of risk measures and personalised solutions such as anti-fire and theft. ICICI Lombard's constant focus towards providing fast, fair and friendly services have resonated well with customers availing property solutions. Multiple corporate clients were provided coverage during FY2016. Effective solutions for superior property protection, such as remote alarm system and fire-hydrant infrastructure, were introduced to the customers.



d. Account Level Planning

Sales personnel were educated on reaching out to customers through a solution-selling approach instead of a product-selling approach. This paradigm shift in the sales methodology delivered positive results with targeted corporate enterprises increasing their share of spending on ICICI Lombard solutions in FY2016.



34%

Share of Corporate Health segment in the overall corporate insurance business of the industry



18%

Corporate Health Segment Industry Growth





Reaching

A catastrophe leads to a struggle with upsetting emotions, frightening memories, or a sense of constant danger among those affected. We understand the pain. And, we also recognise our responsibility. While little can be done to avert natural calamities, we at ICICI Lombard are always mindful that as our customers' valued partners, we have a central role to play in alleviating their emotional and financial anguish. This is our moment of truth as much as theirs.

Stepping up the pace of our services and also devising new methods to connect to our customers affected by the recent Chennai floods, our first step was directed towards putting in place faster and easier communication methods. Our message - We are there to help you recover and move on.

And how we reached out...

- **Dedicated 24/7 helpline at call centre** to assist claimants with information on making claims and address their queries.
- **Reached out to 2.3 lakh customers** through precautionary messages sent via SMS and social media.
- Special camps set up at ICICI Lombard offices to **ensure faster access to customer service** representatives.
- **Deployment of additional manpower / claim experts** to affected areas.
- **Customers proactively called** and informed about conditions at workshops and tentative time of survey.

Organisation Structure

GOVERNMENT BUSINESS GROUP

The Government Business Group of ICICI Lombard seeks to serve Rural India by providing sector and customer specific insurance solutions. Innovative solutions provided in partnership with the government meet the interests of financially challenged sections of the community, and have become the Company's hallmark over the years. The product basket includes affordable protection against crop loss, major illness and other individual needs. With a scalable and evolving business model, tailored solutions, fast claim processing and public-private collaboration, the ultimate objective is to shield the most vulnerable customer segment of India.

ICICI Lombard is credited with implementing Rashtriya Swasthya Bima Yojana (RSBY), among the world's largest and most successful mass health insurance programmes.

₹ **5.9** Billion

Addition to ICICI Lombard's weather insurance business

Rashtriya Swasthya Bima Yojana

ICICI Lombard is credited with implementing Rashtriya Swasthya Bima Yojana (RSBY), among the world's largest and most successful mass health insurance programmes. Under this Central-sponsored scheme, insurance benefits are made available by the government to 'below the poverty line' (BPL) households and workers from unorganised sectors. Health insurance is extended to five members of every BPL family, including the family head, his spouse and up to three dependents. Additionally, the scheme authorises the beneficiary to select his preferred hospital for treatment from the empanelled private as well as public hospitals.

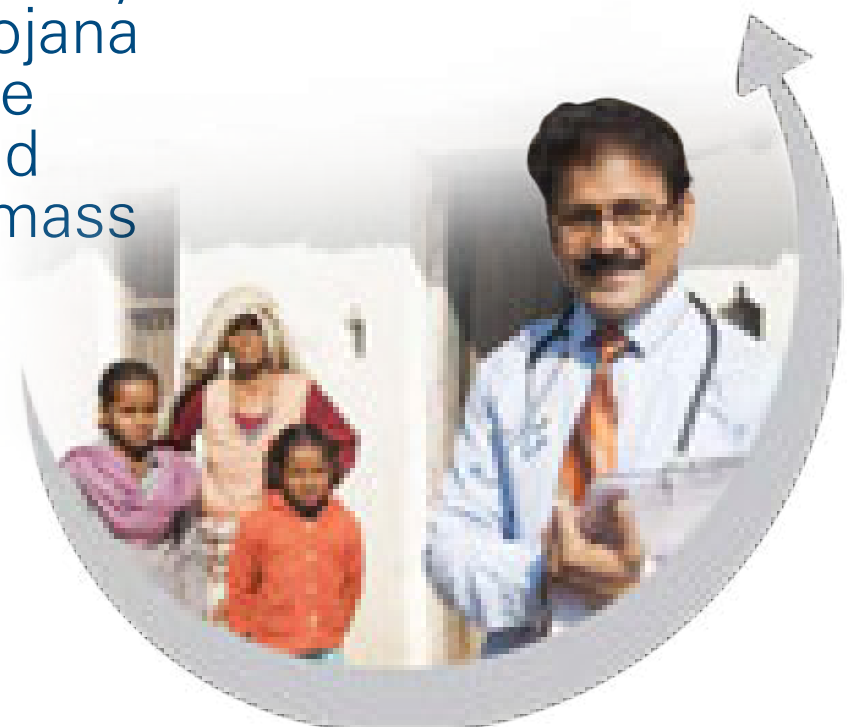
Saving Lives

One of the unique initiatives jointly introduced by the Ministry of Road Transport & Highways and ICICI Lombard, the 'Saving Lives' scheme

was launched in July 2013 on a pilot basis. The scheme provides hospitalisation insurance cover to the road accident victims of the Gurgaon-Jaipur stretch of the National Highway – 8 on a cashless basis. Taking care of the immediate needs of hospitalisation during the golden hour, it covers treatment of bodily injury caused by and arising out of a road accident. Six advanced life-saving and five basic life-saving ambulances are located on the identified stretch of the highway to take the victims from the accident spot to the nearest hospital for emergency medical treatment. Under this scheme, cover for the first 48 hours is provided, subject to the limit of ₹ 30,000 per victim. ICICI Lombard was given the mandate to replicate the scheme on the Ranchi to Mahulia stretch in FY2015.

Health insurance scheme for women sericulturist and workers

Empowerment of women sericulture farmers and workers by providing them access to healthcare facilities is the objective of this health insurance




4.9 Million

Farmers enrolled under the MNAIS scheme


₹ 5.1 Billion

GWP for the MNAIS scheme

ICICI Lombard's contribution to the scheme in FY2016:

1. Covered 51 lakh BPL families



2. Implemented across six states and Union territories, including 53 districts



3. Empanelled 1,197 hospitals, including 624 private and 573 public



scheme from ICICI Lombard. It provides cover to women beneficiaries (as the prime insured), her spouse and two children for comprehensive healthcare, including provision for OPD services. Significant improvement in the health of women farmers has been witnessed in these locations with many women beneficiaries availing of the scheme benefits, especially OPD services. In FY2016, the Company enrolled over 1,00,723 families and issued health cards in the states of Karnataka, Tamil Nadu, Jammu and Kashmir, Jharkhand and Assam.

Weather Insurance

FY2016 was a year wherein the country faced several natural calamities such as drought, floods, cyclones, unseasonal rainfall and hailstorms. Under these difficult circumstances, ICICI Lombard, through their comprehensive efforts, demonstrated their commitment towards the welfare of the farming community. Through implementation of the Weather-Based Crop Insurance

(WBCIS) scheme in 35 districts and the Modified National Agricultural Insurance Scheme (MNAIS) in 21 districts, the Company enrolled 4.9 million farmers across the loanee and non-loanee categories. The States in which this scheme was implemented were Uttar Pradesh, Rajasthan, Assam, Uttarakhand, Madhya Pradesh and Himachal Pradesh. The Weather Insurance business added ₹ 5.9 billion to ICICI Lombard's direct business in FY2016. While the GWP for the WBCIS scheme stood at ₹ 0.8 billion, the GWP for the MNAIS scheme was ₹ 5.1 billion. Tablet-based policy coverage, providing faster issuance of policy, using on-the-spot printing technology through mobile printers was another innovative addition to the services offered by ICICI Lombard.







Reassuring

Sensitive to our customers' state of mind, our first objective was to get to them as soon as possible. Next, we proactively worked towards creating an atmosphere of safety and comfort. Quality customer service became especially important at this crisis hour. Our unrelenting focus was to reassure them that we were there to make things better; while the circumstances were difficult, we would circumvent them by simplifying procedures at our end.

Stepping into action, our teams at offices and centres were ready in no time to answer questions and guide our customers through the claims process. Working overtime, their concerted efforts were to ensure a seamless experience. Additionally, we galvanised resources on the ground so that claim settlements would be swift.

Our customers
never have to face
disasters alone.
The ways in which we
restored this confidence...

- **Mobilisation of 14 property survey firms across the country** with a mandate to complete surveys in quick time for speedy settlement of claims.
- Tie-up with restoration agencies that have **expertise in moisture removal and loss salvaging** were **deployed in car/motorcycle dealership**.
- **Specialised agencies appointed to visit hospitals** and meet affected customers for understanding their health protection claims.
- **Transportation of vehicles from customer's location** to vendor's yard. Yard enabled with **adequate security and CCTV cameras to secure vehicles** and other inventories.

Organisation Structure

RETAIL GROUP

Motor Insurance

ICICI Lombard strengthened its position in the motor insurance segment with an increase in market share to 10% in FY2016, translating into a growth of 21% on a Y-O-Y basis. The Company remained committed to provide superior value proposition to customers at every point of interaction. In FY2016, ICICI Lombard focussed on enhancing its channel management and customer life-cycle proposition by expanding its distribution networks, deepening its relationships with manufacturers and agents and implementing technology-driven solutions. Taking a step further towards being fair, fast and friendly with its customers, it introduced innovative features in its mobile app in the form of 'Photo Quote' wherein the customer can send a picture of an existing motor policy (any insurer) through the app and receive a renewal quote from ICICI Lombard within a few minutes. The renewal quote would contain all details of the insured and the vehicle pre-populated. If approved, the policy could simply be purchased through the app.

On the product front, the Company was among the first to introduce the long-term two-wheeler insurance policy in the market. As a result of this innovative offering, customers now have the choice to renew their two-wheeler insurance over 1 year, 2 years or 3 years period. To address the distribution challenges, the Company developed unconventional distribution networks by tying up with petrol pumps and further leveraged technology to print the policy on the spot and present it to the customer. Given the demographic profile of two-wheeler owners, it invested in new age channels i.e. online, social and mobile to reach out to these audiences. The

response from customers has been encouraging. In the first year itself, the Company sold over 500,000 policies amounting to a premium of more than ₹ 130 crore.

Health Insurance

The retail health insurance segment has grown significantly to maintain the growth trajectory it has been witnessing over the past decade. Keeping up with its ethos of enhanced customer satisfaction, the Company has focussed on innovative product development and providing technology-enabled solutions. The year was particularly heartening as proposed new product and feature enhancements in the flagship product got approved. Under these products, the Company has introduced one of its kind 'Wellness Program' to incentivise its customers to improve their health status. The Company also launched 'Health Advisor' - an

online health platform that helps customers take informed decisions on their healthcare needs based on the reviews and ratings by fellow users and from the refined information on cost, quality and infrastructure of healthcare providers. The Company continues to provide other insurance solutions like loan protection cover that helps provide financial protection to customers against loan liabilities in case of accident, disability or critical health conditions. During FY2016, the total number of health policies stood at 778,671 as against 661,284 in FY2015. Total claims settled within 30 days in the health segment improved from 98.20% to 99.09%.

Travel Insurance

The industry grew by 5% in FY2016 over the previous year. The Gross Written Premium of the Company increased to ₹ 96.3 million in FY2016 from ₹ 87.5 million in FY 2015. The Company's market share grew to



19% this year compared to 17% in the previous year. The total number of travel policies stood at 2,323,067 in FY2016 as against 1,834,554 in FY2015. Claims settled this year was 97%.

The strategy of moving international travel product in FY2015 from Pre-existing to No pre-existing has helped the Company in achieving a healthier loss ratio over the previous year. Also, the focus is now on Group Leisure Business, which is a profitable segment, by adding new groups. This year, the Company added travel partner SOTC to its customer portfolio. It will continue its focus on group business and domestic travel insurance, which are favourable segments.

The Company's constant efforts have delivered outstanding customer experience and FALCK India Private Limited, its ASP, has helped it in achieving this goal. The first notification of loss has improved by more than 50% this year which helped it reach out to customers in the hour of need and bring about better efficiency in the turnaround time for claim settlement, customer queries and complaints resolution. During the event of Paris attack this year, ICICI Lombard in association with FALCK team deployed a crisis management team to support and advise the Indian travellers and their relatives.

Home

The home insurance segment at the industry level grew rapidly with increased customer awareness. The Company grew by 13% in FY2016 in this division. During the Chennai floods, the Company's claims representatives were stationed in Chennai and were in personal touch with the customers. As a result, the Company was able to honour 97% of claims with minimum possible documents.

SME

ICICI Lombard continuously strives to enhance its product and service offerings with the intent to ensure a hassle-free experience for its customers and business partners.

The SME segment forms one of the key focus areas for the Company. Accordingly, it has introduced a wide range of products to meet the diverse business and personal need of its SME customers.

Further, today's business environment demands firms to respond to the customer's need with utmost urgency and sensitivity. The Company has taken the lead in technology to empower its channels to service customers in the best possible manner. ICICI Lombard 'Over-the-Counter (OTC) Calculator' is one such technological innovation that has ensured seamless delivery of its promises to customers.

Customer Lifecycle Management

ICICI Lombard strives to provide the best service to its customers

not only the first time, but across the entire customer lifecycle. Aligned to this philosophy, during the year, the Company continued to provide hassle-free renewal experience for customers and proactively connected with them by sending renewal reminders through SMS and emails at periodic intervals. Through these SMS and emails, a link was sent which redirected the customer to the renewal page on its mobile WAP or website, based on the device used.

Additionally, in FY2016, the Company increased its focus on customer-connect. This was achieved through enrichment methods like correction of inaccurate records, sending welcome letters to non-contactable customers and by communicating with the maximum number of customers.

The additional contact details received from these activities were used at the time of renewals of customers' insurance policies.

Some of the initiatives under SME are enlisted below:

- Focus on Underpenetrated channels (Brokers / Agents):
 - o Bandhan meet for Club agents resulting in incremental **growth of 64%**
 - o Emerge Meet for CEO Brokers resulting in growth in **CEO Broker Category by 37%**
- Pushing convenience as a game changer through technological platforms like **Mobile Inspections, Samadhan, iPartner**
- **Exploring new markets** in non-metro cities for SME Business
- **Focus on profitable products** – for E.g.: Liability, OTC products





Reinstating

Rebuilding lives. Restoring property and possessions. Reinstating normalcy. This was the final test for the validation of our customer-centric focus. We had to deliver on our promises and our responsibility. And as our customers' trusted partners, we wanted this recovery to be as fast as possible. Through swift response and help to our customers at every step, our execution capabilities far surpassed the ordinary. Keeping things convenient with minimum documentation requirements and engagement with loss surveyors and loss assessors enabled us to resolve claims in the quickest time possible.

Natural calamities are tough enough to face. And, absence of a proper support structure can exacerbate things further. Demonstrating exemplary service, we reaffirmed the trust reposed on us by our customers.

The final
endorsement of our
customer service..

- Settlement of **95% motor claims within 10 days** of document receipt, despite receiving over **11,000 motor claims (500% above average)**.
- **Property claims up to ₹ 10 lakh** settled on immediate basis with minimum documentation.
- **Faster settlement in major loss cases** through tie-up with vendors.
- **Complete payment to customers** before salvage disposal in case of cash loss / total loss.

Organisation Structure

SHARED SERVICES

Reinsurance

During FY2016, ICICI Lombard's reinsurance programme remained extended towards both proportional and non-proportional treaties. The Company structured the reinsurance programme, keeping in mind its philosophy of purchasing adequate cover to protect the value-at-risk. For FY2016, the Company maintained its retention across key product segments. To protect the net account against single large losses and natural disasters, it continued to buy appropriate risk and catastrophe reinsurance. It also got its net retained exposures modelled by international agencies to ensure adequacy of limit of catastrophe reinsurance. The Company reinforced purchase reinsurance protection for its speciality portfolio comprising liability, aviation, weather and offshore energy. ICICI Lombard maintained its association with the top global reinsurers for its key reinsurance programmes, while General Insurance Corporation (GIC) remained the Company's largest reinsurance partner.

Underwriting

The year gone by saw fructification of investments made in solution selling, including providing a robust bouquet of value-added services. The results have been observed both in terms of growth in business volumes as well as improvement in profitability.

The Company showcased a strong performance across motor insurance segments including private car, two wheelers and commercial vehicles. It launched a 'first-of-its-kind' long-term two-wheeler insurance policy which received encouraging response with 5,00,000+ policies sold in the first year. In case of private cars, the Company continued to consolidate its

The Company launched a 'first-of-its-kind' long-term two-wheeler insurance policy which received encouraging response with 5,00,000+ policies sold in the first year.

position by offering comprehensive insurance solutions and strengthening its distribution network. In commercial vehicle segment, the Company adopted a selective underwriting approach with primary focus on driving market share in preferred segment.

The retail health insurance segment has grown significantly and maintained the growth trajectory, it has been witnessing over the past decade. Keeping up with its ethos of enhanced customer satisfaction, the Company has focussed on innovative product development and providing technology-enabled solutions. During the year, the Company got approval to introduce new product and feature enhancements in its flagship product which will ensure growth momentum in the coming years. In a new initiative, the Company introduced a unique "Wellness Program" to motivate its customers to improve their health status. The Company also launched a "first of its kind - Health Advisor"- an online health platform that helps customers take informed decisions on their healthcare needs based on reviews and ratings of fellow users and from the refined information on cost,

quality and infrastructure of healthcare providers.

In the Travel Insurance segment, the Company adopted the strategy of moving international travel product portfolio from coverage of pre-existing ailments to exclusion of the same. This helped in improving the loss ratio for the product. Also, there was focus on Group leisure business which is a profitable segment. During the event of Paris attack, the Company in association with its assistance partner was able to deploy a crisis management team to support and advice the Indian travellers and their relatives. This initiative was well appreciated by the customers.

The home insurance segment grew rapidly with increased customer awareness and bancassurance penetration. The Company's focus has been to deliver exemplary customer service in this segment. Towards that endeavour, during Chennai floods, the Company's claims representatives were stationed in Chennai, they approached customer claims with empathy and swiftness, resulting in honouring of 97% of claims with minimum possible documents. In case of motor

insurance, the Company received over 11,000 motor claims, 500% more than the average. 95% of these claims were settled within 10 days of receipt of documents. Within commercial lines segments, the emphasis was on use of technology for risk management, be it for systematic project monitoring, for tracking of cargo for hijack mitigation.

The Company systematically focussed on the SME segments and increased its penetration through both agency as well as broking channels, and also achieved a higher location spread. Specifically, for the marine line of business, the Company increased its focus on driving profitability through risk management, particularly through Marine Loss Control Engineering initiatives. The Company developed in-house competency for conducting these initiatives and demonstrated its effectiveness as well. Apart from this, the Company developed in-house competency for conducting warranty surveys required for project cargo. In the Property line of business, the Company developed a complete engagement programme with customers called Property Loss Prevention Exercise (PLPE), which includes an array of value-added services. These initiatives have significantly contributed in increasing the retention of accounts.

Cost Management

The Cost Management team constantly endeavours to maximise value and build cost effective tools to benefit internal and external stakeholders. Strict focus was maintained on cost optimisation in FY2016 through cost planning, co-ordination, control and reporting of cost data. Additionally, the Company gained cost savings in travel and communication expenses. Spreading cost awareness among employees through simple and effective tools was practiced by the Cost Management team.

Investments

In FY2016, the Company achieved superior total return on its investment portfolio, compared to the benchmark. Investments at ICICI Lombard are governed by the core value investing principles of the Company. Its asset mix is determined by two important factors: availability of superior investments at the right price and claim liabilities. The asset allocation strategy of the Company ensures liquidity, security and diversification. To strengthen the existing business, and efficiently manage risks arising out of duration, market, credit, legal and operation, the Company strictly follows commensurate risk management. The Company's investments amounted to ₹ 105.93 billion in FY2016, an increase of 14.7%. In the last five years, the Company's investment portfolio has grown at a Compounded Annual Growth Rate (CAGR) of 22.30%. In FY2016, the Company achieved a

realised return of 10.38%, while the total return was 9.05%. In a span of past five years, the realised return and the total return have averaged 9.76% and 10.66% respectively.

Over the last 14 years, the total return of investment portfolio experienced a CAGR of 11.57%, compared to 9.75% generated by the benchmark composite. During the same period, the total return of equity assets experienced a CAGR of 31.01%, compared to 17.45% generated by the benchmark composite.

As at the end of March 31, 2016, ICICI Lombard's ratio of year-end investment assets to net worth stood at 3.56 times. Average ratio of investment assets to net worth for the last 10 years is 2.97 times. Additionally, the Company's investment assets of funds representing third party motor pool amounted to ₹ 6.64 billion with Yield to Maturity (YTM) of 8.72%.



22.30%

CAGR of the
Company's investment portfolio
over the last 5 years



Mr. Mohan A
(Motor insurance customer)

After the Chennai floods, I registered with ICICI Lombard on December 10, 2015 over the phone for claim settlement of my car. Soon enough, I got an SMS from ICICI Lombard that the initial survey had been completed and to contact the concerned claim settlement official. On connecting with him, I explained that having suffered extensive property and car loss, I would require full Insured Declared Value (IDV) for my car, post which I was assured that ICICI Lombard would make a fair settlement.

On December 30, I again visited the office with the related documents. The claim settlement official, true to his words, reiterated that I would be paid the complete IDV value and that the amount would be credited in 10 days. Thereafter, on January 06, 2016, the complete amount got credited. Yes, it happened within 7 days after submitting the documents. I feel it is a record time for a claim settlement without causing any hassle to the customer.

I thank ICICI Lombard for the hassle-free claim settlement and excellent customer handling during the crisis moment.

S. Kantilal Jain

Proprietor
Gift-O-Pens India

(Property insurance
customer)



We are glad to have insured our stocks with ICICI Lombard. Heavy rains from 30th November to 2nd December 2015 caused huge losses to our stocks. We appreciate the speedy settlement of our claim before our expected time.

Thank you once again to the ICICI Lombard team for standing by us and ensuring prompt service and fast claim settlement.



85%

Improvement of
First Call Resolution in
FY2016

6 hours

Reduction in policy issuance
TAT from 3 days to
6 hours

Customer Support

With globalisation and internet providing nearly unlimited choices, power has shifted from the corporations to customers. This shift makes it nearly impossible for companies to sustain differentiation based solely on price or product. ICICI Lombard has instead focussed on creating personal and engaging experiences with customers that develop into relationships and further into lifetime commitments.

To ensure seamless customer experience, ICICI Lombard Customer Relationship Team operates from two locations viz., Mumbai and Hyderabad providing the flexibility to handle large number of customers at any given point of time.

In line with the organisation's ethos of being fast, fair and friendly, the Customer Support team focussed on providing faster services by the reduction of turnaround time

(TAT) from 10 days to 5 days for more than 75% of the interactions. Highly skilled CRMs capable of providing end-to-end resolutions to customers during emergencies and escalations was also set up through the concept of Priority desk. Launch of 'Service on Chat' function was another milestone for the customer relationship team. The ability to handle multiple chats by the same CRM and provide the customer with maximum support was facilitated through the UCV integrated chat function.

Customer satisfaction survey intends to measure the customers' satisfaction with the service received. ICICI Lombard Customer Relationship team has initiated customer survey at the end of every call to measure customer satisfaction and brand advocacy. The aforementioned efforts have led to the improvement of First Call Resolution from 68.4% in FY2015 to 85% in FY2016.

Process Excellence

Sustaining its focus on Process Assurance & Compliance, ICICI Lombard has successfully completed the independent audit of its ISO 9001:2008 Quality Management System.

The Company also undertook various customer-centric process improvement projects which brought down policy issuance TAT from 3 days to 6 hours; this resulted in enhanced brand advocacy reflected in improved NPS scores. The Company stood semi-finalist in the Qimpro Qualtech prize for improvement 2015 for improving the first time resolutions and service levels.

Operations

During fiscal 2016, ICICI Lombard's operations team focussed on enhancing the quality of service, improving customer service time and reducing time to market. To achieve this, ICICI Lombard's operations

team benchmarked policy issuance process and undertook quality audits through experts for inputs on process improvement and on policy processing methods.

The increase in low value and high volume products like long-term two-wheelers, health combo products and over the counter (OTC) corporate products has brought with it the challenge to manage the volume with low operational costs and minimum TAT. Using state-of-the-art technology solutions as a force multiplier, ICICI Lombard's operations developed scale and capability to service business growth and diverse needs of various distribution partners.

Further, the team focussed on optimising policy processing costs, increasing productivity while reducing TATs. This was achieved through seamless integration with various systems, processes of distribution partners like Maruti, BMW, Hero, TVS, SOTC, MIBL, IOCL & BPCL petrol pumps, brokers and various lending institutions.

Enhanced servicing of Company advisors was enabled by daily commission payment release option through the software Edison, which has been implemented with automation of various compliance reports.

Technology portals like I-Partner, Samadhan and document management enable channel partners to access and process customer request related policy issuance, endorsement and cancellations. This faster mechanism has helped reduce multiple handoffs and improve TATs.

The Company started engaging directly with the corporate customers for Group Personal Accident Insurance

ICICI Lombard's excellence in products and services is backed by a robust technology infrastructure, user-friendly web and mobile applications and customer-centric support structure.

endorsements due to which the TAT was reduced from 4 days to 1 day. Issuance of motor policy within 2 hours under priority bucket as well as issuance of same day corporate policy to retail customers by OTC model were also achieved during the financial year.

Information Technology

ICICI Lombard's excellence in products and services is backed by a robust technology infrastructure, user-friendly web and mobile applications and customer-centric support structure.

Technological advancements, especially in the cloud, mobile and big data space, are becoming critical for an organisation to deliver solutions to its customers in shortest possible time and make services available to customer anywhere and on any device. ICICI Lombard adopted the cloud technology platform, which helped in releasing the product enhancements and new functionalities up 25% faster, while reducing defects by 30%.

The Company launched an 'Assure' mobile application for its agents, empowering them to generate quotes and policies from any device, anywhere.

The Company has built data warehouse platform to strengthen actuarial function, self-service data discovery and analytics, easy correlation and forecasting for faster decision-making with very minimum involvement of technology team. To make customer interaction effective and close customer queries fast, Customer One View was designed which enables call centre agent to view all policies, claims and past interaction details of a customer on a single screen.

ICICI Lombard embarked on its digital journey and built robust technology platform to enable business and meet customer expectations. The technology architecture has been carved to foster the launch of new products and services in an agile way. Enterprise service bus helps the Company to orchestrate, launch new products, and onboard tie-ups like plug and play. Its responsive web design methodology enabled accessibility of e-commerce portal from any device and provided same user experience across devices.

ICICI Lombard won the prestigious Celent Model Insurer Award, 2016 for Legacy and eco-system transformation.



R. Raman

(Property insurance customer)



I am grateful and would like to thank ICICI Lombard for the prompt follow-ups and personal approach. I faced the ill-effects of the heavy rain and at the same time my mother was admitted to a hospital and in a very serious condition. It was a difficult time for me, emotionally as well as financially. The timely help which ICICI Lombard provided in the hour of need is really commendable. I was delighted to see that the claim was settled in a speedy and hassle-free manner in a very short span of time and glad to receive the claim amount when I required it the most.

Once again thanks to the entire ICICI Lombard team for their support and timely help.

Mr. Santhosh Kamath

Managing Partner
Vittal Cashew Industries

(Marine insurance
customer)

We have been taking Insurance policies from ICICI Lombard General Insurance Company, Mangalore. After we took a policy for import, we could experience the robust risk management systems and also experience excellent service which was beyond all our expectations.

The true test of any insurance company is the response in time of a claim. When we intimated the claim in the late evening, we could see the fast response where the surveyor was informed and ready at the site the next morning. From there, since it was a large claim, the response came from the highest level and we concede that as a customer, we found it difficult to match the pace and enthusiasm of ICICI Lombard in settling the claim. The first major tranche of the claim or rather salvage sale proceeds came very fast and we expect the remaining to be settled once we submit the remaining documents. We appreciate the sincere efforts taken by the entire ICICI Lombard team towards providing excellent support and service during this difficult time.



Organisation Structure

Human Resources

In today's competitive landscape, customer service and innovation create a powerful engine for business success. With a vision firmly focussed on long-term growth, fiscal 2016 was the year of sustaining and consolidating in these areas. As a result, ICICI Lombard strengthened its capabilities in the areas of health agency, in-housing of inbound and outbound tele-selling. For a Company that is expanding at a brisk pace, this reinforcement of our capabilities, through building agility and enabling faster decision-making, will be the fountainhead of its competitive advantage.

ICICI Lombard unveiled '**Vishvas**' last year, built around the fundamental principles of innovation and customer service to differentiate the organisation in this dynamic industry. **Vishvas** defines ICICI Lombard's internal guiding principles for all key stakeholders such as Customers, Employees, Channel Partners and the Community and thereby powerfully reinforces desired behaviours in the organisation.

The task of institutionalising **Vishvas** was facilitated by building awareness and embedding it as part of the Company's daily work and culture. Deeksha Learning Centre (DLC) launched the '**Vishvas Everyday**' workshops to guide employees on these principles, with leaders contributing in conducting the sessions. In addition to this, to strengthen the spirit of **Vishvas**, multiple campaigns, address by senior management, integration into major events were carried out during the year. This was also followed by an employee perception survey on its effective deployment across the organisation.

During the course of the year, senior leaders also led sessions through various platforms to engage employees

on the organisation vision, updating them on business performance and providing clarity on the way ahead.

At ICICI Lombard, learning and knowledge enhancement has always been a strategic agenda to drive the envisaged transformation in the Company. As the Company has grown and evolved, so have the demands of the learning needs and architecture.

To strengthen the commitment of building a learning culture, where leaders play a key role in transfer of knowledge and sharing of experiences with new joiners, DLC introduced 'Saksham'. This 90-day mentoring programme ensures new joiners get job-ready and aligned to the organisation culture early-on. As part of this programme, skip-level supervisors as mentors nurture the new joiners and build their perspective on business.

A new online internal social networking and collaboration platform 'HIVE' and a new internal communicator launched during the year helped build engagement and networking amongst employees. Employees leveraged these platforms to network, share knowledge, gain information

on employee events and campaigns, highlight achievements and celebration of big wins with great enthusiasm.

ICICI Lombard's learning architecture and interventions are woven around 3 levels of Certification: Code Orange Certification addressing threshold knowledge requirements, Code Maroon Certification for advanced levels of competencies, Code Maroon+ offered in association with CII, London, to ensure international benchmarks in terms of knowledge. During the course of the year, 211 employees become Code Maroon certified and 18 employees Code Maroon+ certified.

To ascertain that the Company's learning practices and content are at par with international standards, DLC applied to one of the best international Insurance certification & accreditation professional body i.e. CII London. This process involves a rigorous annual review of the learning curriculum and content. ICICI Lombard is the only Company to win this accreditation across industry for the entire learning architecture.



Corporate Social Responsibility

ICICI Lombard has continuously strived to go beyond its business focus and contribute to further the well-being of all the stakeholders including the communities in which the Company has a presence. It has undertaken multiple steps to meet this objective through specific initiatives in the areas of Preventive Healthcare, Road Safety and Disaster Support.

In the year 2011, the scope of the CSR mandate was expanded, with the employees voluntarily coming forward to directly contribute towards the upliftment of the society. While remaining within the ambit of preventive healthcare, the initiative involved setting up health check-up camps for students at municipal schools. Cross functional teams at various locations were formed by the employees to handle the entire exercise. Apart from facilitating camaraderie, it provided an opportunity for its employees to hone their leadership skills as they took up the onus of executing the entire project. In terms of its impact on the ecosystem, the objective was to motivate students to give due importance to healthcare, while increasing awareness among parents and school teachers towards the health status and ensuring healthy habits in children from an early age.

Caring Hands

Over the years, the Company has expanded the reach of the programme enabling employees from smaller/remote locations to participate in the initiative. In its latest avatar, the focus has been sharpened to make the initiative more actionable. The employees now focus specifically on the aspect of eye care through a dedicated eye check-up exercise. The initiative also provides corrective lenses to the students diagnosed with poor vision. The target group is children in the age-group of 10 – 13 years, which

as validated by external research has a significant percentage of children suffering from poor vision who are not diagnosed in time due to lack of awareness or parental ignorance.

While the employees take up the onus of organising the camps end-to-end, the Company ensures quality of screening by seeking the services of qualified ophthalmologist for the eye check-up. At the same time, the spectacles are procured through reputed brands to ensure quality of lens.

The initiative running successfully for 5 years now operates under the aegis of 'Caring Hands' to give it a distinct identity and focus within the Company. Over the last 5 years, employees of ICICI Lombard have collectively reached out to over 100,000 students from over 300 schools across the country through these check-up camps. With more than 50% of its employee base - which keeps growing year on year - driving this programme, employee driven CSR has taken the centre stage at ICICI Lombard in its efforts to contribute to the well-being of the society at large.

In the coming years, the Company's employees remain committed to this unique programme which is poised to make a difference to India's generation next.

Ride to Safety

Road Safety is emerging as a critical area of social concern with two-wheeler riders being among the worst impacted. As per the statistics available with the Ministry of Road Transport and Highways, two-wheelers were



involved in about 25% of the total road accidents in the country in FY2014, highest among all vehicle categories. Lack of professional driver's training, non-use of safety gear (especially helmet by the rider and the pillion rider) and appropriate road safety behaviour are among the major causes of road accidents. Age-specific data also shows that children are susceptible to road mishaps with 7% road accident victims being below 14 years.

In FY2016, ICICI Lombard introduced a unique CSR programme named 'Ride to Safety'. This initiative aimed at improving road safety scenario for children who ride two-wheelers as pillion riders. Workshops were conducted across cities to create awareness for road safety and more importantly, influence the driving behaviour of two-wheeler riders. Apart from imparting necessary education to children and their parents on road safety habits, ICICI Lombard distributed ISI-marked helmets that children can wear when they ride two-wheelers as pillion riders.

The Company conducted more than 100 workshops in Mumbai, Pune and Delhi during the fiscal year. Apart from spreading the road safety message, it distributed specially designed ISI-marked helmets to 9,000 children who attended these workshops.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of ICICI Lombard General Insurance Company Limited (ICICI Lombard) along with the audited statement of accounts for the financial year ended March 31, 2016.

Industry Overview

The gross direct premium (GDPI) of the industry grew from ₹ 846.86 billion in FY2015 to ₹ 964.02 billion in FY2016*, a growth of about 13.8%. ICICI Lombard's gross written premium (GWP) increased from ₹ 69.14 billion in FY2015 to ₹ 83.07 billion in FY2016, a growth of 20.2%. ICICI Lombard led the private player's in the general insurance sector with a market share of 18.4% and had an overall industry market share of 8.4%.

Financial Highlights

The financial performance for FY2016 is summarised in the following table:

	(₹ billion)	
	FY2015	FY2016
Gross written premium	69.14	83.07
Earned premium	42.35	48.22
Income from Investments	9.28	11.57
Profit before tax	6.91	7.08
Profit after tax	5.36	5.07

Appropriations

The profit after tax for the year ended March 31, 2016 is ₹ 5.07 billion. The profit available for appropriation is ₹ 13.55 billion after taking into account the balance of profit of ₹ 8.48 billion brought forward from the previous year. The Directors are pleased to recommend aggregate interim dividends declared and paid during the year ₹ 1.34 billion as final dividend for the year.

Directors

Dileep Choksi was appointed as an Independent Director of the Company in 2002. The Board at its Meeting held on January 14, 2015 had approved the appointment of Dileep Choksi as Independent Director of ICICI Lombard till Annual General Meeting (AGM) to be held in 2016. Accordingly, Dileep Choksi is liable to retire at the forthcoming Annual General Meeting. The Board placed on record its deep appreciation and gratitude for his guidance and contribution to ICICI Lombard. The Board at its Meeting held on April 19, 2016, approved the appointment of Uday Chitale, as an Additional Director of the Company in place of Dileep Choksi. Uday Chitale is a Chartered Accountant and is a Senior Partner of M/s M. P. Chitale & Co., Chartered Accountants. He has over 40 years of work experience in Corporate Auditing, Commercial Dispute Resolution (Mediation/ Conciliation and Arbitration), Business negotiations and valuation. He has been a member of several Committees constituted by Ministry of Finance, ICAI, RBI, SEBI, IRDAI and Indian Banks Association.

*Source: IRDAI & GI Council

₹ 964.02 BILLION
Gross Direct Premium
(GDPI) of the industry
in FY2016

₹ 5.07 BILLION
Profit after tax in
FY2016 of the Company

During the year under review, M. K. Sharma, Independent Director of the Company had resigned effective July 31, 2015 consequent to his appointment as Non-Executive Chairman of ICICI Bank Limited. The Board placed on record its deep appreciation and gratitude for his guidance and contribution to ICICI Lombard. Further, ICICI Bank Limited vide letter dated January 5, 2016 had withdrawn the nomination of Zarin Daruwala as Non-executive Director of ICICI Lombard. Vijay Chandok was appointed as a Nominee Director effective January 15, 2016 by ICICI Bank Limited in place of Zarin Daruwala.

The Board at its Meeting held on January 15, 2016 approved the proposal for the re-appointment of Alok Kumar Agarwal as Wholetime Director (designated as Executive Director) of ICICI Lombard for a period of five years effective January 19, 2016 to January 18, 2021. The requisite approval was received from Members of ICICI Lombard and Insurance Regulatory and Development Authority of India (IRDAI) for the aforesaid re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and 'fit and proper' declaration as laid down under Corporate Governance Guidelines of IRDAI.

In terms of the provisions of Section 152 of the Companies Act, 2013, N. S. Kannan and R. Athappan, being Non-executive Directors of ICICI Lombard would retire by rotation at the forthcoming AGM and are eligible for re-appointment. Both N. S. Kannan and R. Athappan have offered themselves for re-appointment.

Board Evaluation

The Companies Act, 2013 vide Section 178(2) provides that every listed company and such other class of companies as may be prescribed shall carry out evaluation of every Director's performance.

ICICI Lombard, being a prescribed class of company, carried out an evaluation of the performance of the Board, its Directors, Chairperson and the Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Auditors

The Joint Statutory Auditors, Khandelwal Jain & Co., Chartered Accountants and Chaturvedi & Co.,

Chartered Accountants, will retire at the ensuing AGM. Khandelwal Jain & Co., would complete their tenure of five years as statutory auditors of ICICI Lombard at the conclusion of the ensuing Annual General Meeting which is the maximum term of appointment of auditors permitted by IRDAI. Hence Khandelwal Jain & Co, shall not be eligible for re-appointment. The Audit Committee and the Board of Directors have placed on record their sincere appreciation of the professional services rendered by Khandelwal Jain & Co. as statutory auditors.

On the basis of the recommendation of the Audit Committee, the Board at its Meeting held on April 19, 2016, has proposed the appointment of PKF Sridhar & Santhanam LLP in place of Khandelwal Jain & Co., Chartered Accountants and Chaturvedi & Co., Chartered Accountants, as Joint Statutory Auditors to audit the accounts of ICICI Lombard for the financial year ending March 31, 2017. You are requested to consider their appointment.

Capital

The total capital invested by shareholders till March 31, 2016 including share premium, was ₹ 19.48 billion. The net worth of ICICI Lombard stood at ₹ 31.76 billion at March 31, 2016 as compared to ₹ 28.23 billion at March 31, 2015. The solvency position of ICICI Lombard at March 31, 2016 was 1.82 times as against 1.50 times prescribed by IRDAI.

During the year, pursuant to amendment to joint venture agreement between ICICI Bank Limited and Fairfax Financial Holdings Limited, ICICI Bank Limited sold 9% of total outstanding shares of ICICI Lombard as on March 31, 2016 to FAL Corporation an affiliate of Fairfax Financial Holdings Limited. Post this transaction ICICI Bank Limited holds 63.82% and FAL Corporation holds 34.58% respectively in ICICI Lombard.

Corporate Social Responsibility (CSR)

The Board at its Meeting held on April 18, 2014 had constituted a Corporate Social Responsibility Committee of ICICI Lombard. The Board had approved adoption of Corporate Social Responsibility Policy (Policy) and Plan for CSR activities of ICICI Lombard at its Meetings held on October 15, 2014 and July 20, 2015 respectively.

The approved CSR Policy and report on CSR activities is annexed as "Annexure A".

Rural And Social Responsibility

ICICI Lombard issued more than 675,000 policies in rural areas and covered more than 200,000 lives falling within the norms of social responsibility, as prescribed by IRDAI.

Public Deposits

During the year under review, ICICI Lombard has not accepted any deposit from the public.

Foreign Exchange Earning and Expenditure

During FY2016, expenditure in foreign currencies amounted to ₹ 3.45 billion and earning in foreign currencies amounted to ₹ 1.98 billion.

Secretarial Audit Report

As per Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, prescribed class of Companies shall obtain a Secretarial Audit Report from Company Secretary in Practice and such Secretarial Audit report shall form part this report.

The Board at its Meeting held on April 24, 2015 had appointed Dholakia & Associates, practising company secretary, to conduct the secretarial audit of the Company for FY2016. The Secretarial Audit Report confirms that ICICI Lombard has complied with all the applicable provisions of various laws as mentioned in the audit report.

The Secretarial Audit Report is annexed herewith as "Annexure B".

Extract of Annual Return

The details forming part of the extract of the Annual Return in form of MGT 9 is annexed herewith as "Annexure C".

Related Party Transactions

Section 188(1) of the Companies Act, 2013 prescribed that the company shall not enter into a transaction with a related party (as defined vide clause 76 of Section 2 of the Act), except with the consent of the Board of Directors of the Company with respect to the transactions as prescribed. The Board at its Meeting held on April 18, 2014 had approved the Policy on Related Party Transactions (Policy). The Policy was subsequently amended at the Board Meeting held on January 15, 2016 wherein Audit Committee was

empowered to provide omnibus approval for the related party transactions not exceeding ₹ 10.0 million per transaction where the need for related party transactions cannot be foreseen and required details are not available.

During the year, ICICI Lombard had entered into related party transactions with the related parties as defined vide Section 2(76) of the Companies Act, 2013 in the ordinary course of its business and on an arm's length basis.

All materially significant related party transactions are placed before the Audit Committee on a quarterly basis.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Whistle Blower Policy

ICICI Lombard has formulated a Whistle Blower Policy (Policy) which is designed to provide its employees, a channel for communicating instances of breach in the code of conduct, legal violation, actual or suspected fraud and on the accounting policies and procedures adopted for any area or item. The framework of the Policy strives to foster responsible and secure whistle blowing. This mechanism has been communicated to the employees and posted on ICICI Lombard's intranet and an extract of the same has been posted on the website of ICICI Lombard.

Employee Stock Option Scheme

In FY2006, ICICI Lombard had instituted an Employee Stock Option Scheme (ESOS) to enable the employees and Directors of ICICI Lombard 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 ICICI Lombard'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 ICICI Lombard'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.

The said extension will provide additional years to the employees to exercise their options and in the event of the Company getting listed during this period, the employees will automatically have the liquidity option. In absence of such extension, the options will start lapsing from April 2015 which will be detrimental to the interests of the employees.

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 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.

Particulars of options granted by ICICI Lombard up to March 31, 2016 are given below:

Options granted	23,572,260
Options vested	18,204,108
Options exercised	7,753,590
Number of shares allotted pursuant to exercise of options	7,753,590
Options forfeited/lapsed	8,814,422
Extinguishment or modification of options	-
Amount realised by exercise of options (₹)	406,443,580
Total number of options in force	7,004,248

Implementation Strategy on IND-AS

IRDAI vide the circular dated March 1, 2016 had advised all Insurers to follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the 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, 2018.

In compliance with the regulatory requirements, the Company has constituted a Steering Committee headed by Mr. 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:

- Ind AS technical requirements
- Systems and processes
- Business impact
- People
- Project management

The Steering Committee will oversee the implementation of Ind AS and update to the Audit Committee on a quarterly basis.

Additional Information

As required by provisions of Section 197 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are set out in the "Annexure D" to the Directors' Report. In terms of the provisions of Section 136 of the Companies Act, 2013 the Directors' Report is being sent to the shareholders of ICICI Lombard excluding the Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary.

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption do not apply to ICICI Lombard. ICICI Lombard has, however, used information technology extensively in its operations.

Directors' Responsibility Statement

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 Companies Act, 2013 for safeguarding the assets of ICICI Lombard and for preventing and detecting fraud and other irregularities;
4. that they have prepared the annual accounts on a going concern basis;
5. that proper internal financial controls were in place and that the 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.

Annexure A

Annual Report on Corporate Social Responsibility (CSR) Activities

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

CSR has been a long standing commitment at ICICI Lombard and forms an integral part of its activities. The Company's objective is to pro-actively support meaningful socio economic development. It works towards developing an enabling environment that will help citizens realise their aspirations towards leading a meaningful life.

In line with its objectives, the following areas have been shortlisted for the CSR roadmap health care, road safety, education, skill development and sustainable livelihoods, support employee volunteering in CSR activities and other areas such as disaster relief.

The CSR policy was approved by the Board of Directors in the Meeting held on October 15, 2014 and subsequently was put up on the ICICI Lombard website. Web-link to the CSR policy:

https://www.icicilombard.com/content/ilom-en/csr-policy/CSR_Policy.pdf

2. The Composition of the CSR Committee

The CSR Committee comprises one Independent Director, two Non-executive Directors and the Managing Director & CEO of ICICI Lombard and is chaired by an Independent Director. The composition of the Committee is set out below:

Dileep Choksi, Chairman (Independent Director)

R. Athappan (Non-executive Director)

S. Mukherji (Non-executive Director)

Bhargav Dasgupta (Managing Director & CEO)

The functions of the Committee includes review of corporate social responsibility (CSR) initiatives undertaken by the ICICI Lombard, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the ICICI Lombard and recommendation of the amount of the expenditure to be incurred on such activities, review and recommend the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act.

3. Average net profit of the Company for last three financial years

The average net profit of the Company for the last three financial years calculated as specified by the Companies Act, 2013 was ₹ 480.6 million.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

The prescribed CSR expenditure requirement for FY2016 was ₹ 96.1 million.

5. Details of CSR spent during the financial year

(a) Total amount spent for the financial year:

Total amount spent towards CSR during FY2016 was ₹ 97.1 million.

(b) Amount unspent, if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

S No	Projects/ Activities	Sector	Location Districts (State)	Amount outlay (budget) project or program wise (₹ million)	Amount spent on the projects or programs (₹ million)	Cumulative Expenditure upto the reporting Period (₹ million)	Amount spent: Direct or through implementing agency
1	Ride to Safety – Unique initiative to spread awareness about road safety. Make Indian Roads safer for children through direct contact program and distribution of helmets.	Promoting road safety education	Mumbai, Delhi and Pune	22.0	20.7	20.7	Through NGO partners
2	Eye check-up camps for under-privileged school kids led by employees covering 28,574 children. 4,230 cases of poor vision provided with spectacles.	Promoting healthcare	Conducted at 235 schools across 96 cities	7.8 (including employee volunteering cost of ₹ 1.7 million)	6.9 (including employee volunteering cost of ₹ 1.5 million)	6.9 (including employee volunteering cost of ₹ 1.5 million)	Direct
3	Contribution towards relief and welfare in calamity affected areas	Contribution to Prime Minister's/Chief Minister's Relief Fund	Chennai	0	3.2	8.2 (Include contribution made last year to PM relief fund for J&K)	Direct
4	Projects of ICICI Foundation for Inclusive Growth	1. Promoting education, employment enhancing vocational skills, livelihood enhancement projects 2. Eradication of hunger, poverty and malnutrition; promoting preventive healthcare	All India Baran, Rajasthan	66.3	66.3	80.5 (Include contribution made to IFIG last year)	ICICI Foundation

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

Bhargav Dasgupta
Managing Director & CEO

Dileep Choksi
CSR Committee Chairman

Annexure B

Form No. MR-3
SECRETARIAL AUDIT REPORT
for the financial year ended March 31, 2016

[Issued in Pursuance to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]

To,
The Members,
ICICI Lombard General Insurance Company Limited.
ICICI Lombard House, 414, Veer Savarkar Marg,
Near Siddhi Vinayak Temple, Prabhadevi,
Mumbai 400025.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ICICI Lombard General Insurance Company Limited (CIN U67200MH2000PLC129408)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. This Company is governed mainly under the provisions of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority of India Act, 1999 ("Insurance Laws") and under the Companies Act, 2013 and rules framed thereunder when there is no inconsistency with the Insurance Laws.

- A.** In expressing our opinion it must be noted that
- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
 - ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
 - iii. We have not verified correctness and appropriateness of financial records and books of accounts of the Company.
 - iv. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
 - v. The compliance and provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
 - vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company (being an unlisted entity) in the manner and subject to the reporting made hereinafter:
- C.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable to the Company except The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- VI. And the Company being in the business of Insurance other than Life Insurance, the Special Act as applicable to it is the, Insurance Act, 1938 and extant Rules & Regulation framed under Insurance Regulatory and Development Authority of India Act, 1999. (IRDAI).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above and that (1) the Company has paid penalty levied by IRDAI arising out of an inspection of certain policies issued between the period 2004 to 2009 during the period under audit and (2) the matter relating to Management Expenses is pending with IRDAI authorities to be considered under the revised broad limits for the same.

D. We further report that--

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- II. Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

E. We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

F. We further report that during the audit period the Company has undertaken, the following Corporate Actions having the major bearing on the Company's affairs in pursuance of the aforesaid rules and regulations, guidelines, standards etc.

- I. Sale of Equity Shares of the Company by ICICI Bank Ltd to Fairfax Financial Holding Limited resulting in reduction of 9% shareholding of the ICICI Bank Ltd in the Company
- II. The members of the company at its Extra-ordinary General Meeting held on February 9, 2016 has passed a Special Resolution to issue and allot 4,865 unsecured sub-ordinated, listed, redeemable, non-convertible debenture having face value of ₹ 1.0 million each to eligible persons for an aggregate consideration of upto ₹ 4,865.0 million on private placement basis subject to necessary regulatory approvals. These Debentures would be listed on the Indian Exchanges as may be decided by the Board, in accordance with the provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

For DHOLAKIA & ASSOCIATES LLP
(Company Secretaries)

Bhumitra V. Dholakia
Designated Partner
FCS-977 CP No. 507

Place: Mumbai
Date: April 18, 2016

Annexure C

EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2016

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

FORM NO. MGT - 9

I. Registration and Other Details:

CIN	U67200MH2000PLC129408
Registration Date	October 30, 2000
Name of the Company	ICICI Lombard General Insurance Company Limited
Category / Sub-Category of the Company	Company Having Share Capital/ Indian Non-Government Company
Address of the registered office and contact details	ICICI Lombard House, 414, Veer Savarkar Marg, Near Siddhivinayak Temple, Prabhadevi, Mumbai 400025 Tel. : (+91 - 22) 6196 1100
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	3i Infotech Ltd. International Infotech Park, Tower 5, 3rd Floor, Vashi Railway Station Complex, Vashi, Navi Mumbai 400073 Tel. : (+91 - 22) 6792 8000 Fax : (+91 - 22) 6792 8098

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Name and Description of main products /service	NIC Code of the Product/Service	% to the total turnover of the Company
General Insurance	6512	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai - 400051	L65190GJ1994PLC021012	Holding Company	63.82	2(46)

IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category-wise Shareholding

Sr. No	Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
(1)	Indian									
a)	Individual / HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	-	-	-	-	-	-	-	-	-
e)	Banks/FI	325,883,744	-	325,883,744	72.97	285,605,284	-	285,605,284	63.82	(9.15)
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1) :-	325,883,744	-	325,883,744	72.97	285,605,284	-	285,605,284	63.82	(9.15)
(2)	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	114,499,002	-	114,499,002	25.64	154,777,462	-	154,777,462	34.58	8.95
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2):-	114,499,002	-	114,499,002	25.64	154,777,462	-	154,777,462	34.58	8.95
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	440,382,746	-	440,382,746	98.61	440,382,746	-	440,382,746	98.40	(0.21)
B	Public Shareholding									
(1)	Institutions	-	-	-	-	-	-	-	-	-
a)	Mutual Funds / UTI-II	-	-	-	-	-	-	-	-	-
b)	Banks /FI / UTI-I	-	-	-	-	-	-	-	-	-
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Sr. No	Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i)	Other (specify)	-	-	-	-	-	-	-	-	-
	Foreign Banks	-	-	-	-	-	-	-	-	-
	FII - DR	-	-	-	-	-	-	-	-	-
	Sub-total (B) (1) :-	-	-	-	-	-	-	-	-	-
(2)	Non-Institutions	-	-	-	-	-	-	-	-	-
a)	Bodies Corp.									
i)	Indian	29,800	-	29,800	0.01	1,424,630	-	1,424,630	0.32	0.31
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	527,866	156,568	684,434	0.15	598,620	88,110	686,730	0.15	0.00
ii)	Individual shareholders holding nominal share capital excess of ₹ 1 lakh	4,186,036	700,700	4,886,736	1.09	4,799,624	12,500	4,812,124	1.08	(0.02)
c)	Others (specify)									
	Trust	-	-	-	-	-	-	-	-	-
	Directors & their Relatives (Resident)	-	-	-	-	-	-	-	-	-
	Non-Resident Indian Directors	-	-	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-	-	-
	Non-Resident Indians	595,084	-	595,084	0.13	204,750	-	204,750	0.05	(0.09)
	Clearing Member	-	-	-	-	-	-	-	-	-
	Hindu Undivided Families	15,232	-	15,232	0	27,466	-	27,466	0.01	0.00
	Foreign Companies									
	Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
	NRI - DR	-	-	-	-	-	-	-	-	-
	Sub-total (B) (2) :-	5,354,018	857,268	6,211,286	1.39	7,055,090	100,610	7,155,700	1.60	0.21

Sr. No	Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Total Public Shareholding (B) = (B)(1)+(B)(2)	5,354,018	857,268	6,211,286	1.39	7,055,090	100,610	7,155,700	1.60	0.21
C	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	445,736,764	857,268	446,594,032	100.00	447,437,836	100,610	447,538,446	100.00	-

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	ICICI Bank Limited	325,883,744	72.97	-	285,605,284	63.82	-	(9.15)
2	FAL Corporation	114,499,002	25.64	-	154,777,462	34.58	-	8.94
	Total	440,382,746	98.61	-	440,382,746	98.40	-	(0.21)

Note: ICICI Bank Limited had transferred 40,278,460 shares equivalent to 9% of total outstanding shares as on March 31, 2016 to FAL Corporation an affiliate of Fairfax Financial Holdings Limited.

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
	ICICI Bank Limited	325,883,744	72.97	325,883,744	72.97
	FAL Corporation	114,499,002	25.64	114,499,002	25.64
	date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	ICICI Bank Limited: Transfer to FAL Corporation on March 31, 2016	40,278,460	9.00	285,605,284	63.82

	FAL Corporation: Transfer from ICICI Bank Limited on March 31, 2016	40,278,460	9.00	154,777,462	34.58
2.	At the End of the year				
	ICICI Bank Limited	285,605,284	63.82	285,605,284	63.82
	FAL Corporation	154,777,462	34.58	154,777,462	34.58

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

Sr. No	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):		Shareholding at the end of the year		Cummulative Shareholding during the year	
		No. of Shares	% of total Shares of the company			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	IVF Trustee Company Private Limited	425,000	0.10	932,000	Transfer	1,357,200	0.30	-	-
2	Sandeep Bakhshi	700,000	0.16	-	-	700,000	0.16	-	-
3	Rakesh Jain	337,500	0.08	-	-	337,500	0.08	-	-
4	Neelesh Garg	460,000	0.10	(175,000)	Transfer	285,000	0.06	-	-
5	Anuj Gulati	190,000	0.04	-	-	190,000	0.04	-	-
6	Rajive Kumaraswami	125,000	0.03	-	-	125,000	0.03	-	-
7	Ritesh Kumar	122,500	0.03	-	-	122,500	0.03	-	-
8	Hitesh Chandrakant Kotak	101,000	0.02	-	-	101,000	0.02	-	-
9	Kartik Jain	100,000	0.02	-	-	100,000	0.02	-	-
10	Meera Malhotra	95,000	0.02	-	-	95,000	0.02	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	Shareholding at the end of the year		Cummulative Shareholding during the year			
		No. of Shares	% of total Shares of the company		No. of Shares	% of total shares of the company	No. of share	% of total shares of the company		
1	Gopal Balachandran	54,000	0.01	-	-	-	54,000	0.01	-	-
2	Vikas Mehra	-	-	-	-	-	-	-	-	-

V. INDEBTNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment - NIL

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in lacs)

Sr. No	Particulars of Remuneration	Mr. Bhargav Dasgupta Managing Director & CEO	Mr. Alok Agrawal Executive Director	Mr. Sanjeev Mantri Executive Director
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	600.39	304.15	171.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6.01	0.08	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others - Retirals*	18.39	9.34	8.96
	Total (A)	624.79	313.57	180.94

* 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.

B. Remuneration to other Directors :

1. Independent Directors

(₹ in lacs)

Sr. No	Particulars of Remuneration	Name of the Director		
		Mr. Dileep Choksi	Mr. Ashvin Parekh	Mr. M. K. Sharma
1.	Fee for attending Board/Committee Meeting	8.2	8.8	2.2
2.	Commission	-	-	-
3.	Others, please specify	-	-	-
	Total B (1)	8.2	8.8	2.2

2. Other Non Executive Directors

(₹ in lacs)

Sr. No	Particulars of Remuneration	No attending fees for Board/Committee or Commission is being paid to Non Executive Directors		
1.	Fee for attending Board/Committee Meeting			
2.	Commission			
3.	Others, please specify			
	Total B (2)			
	Total B = B(1) + B(2)	8.2	8.8	2.2

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

(₹ in lacs)

Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Gopal Balachandran Chief Financial Officer	Mr. Vikas Mehra Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	151.55	51.59	203.14
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
	Stock Options	-	-	-
	Sweat Equity	-	-	-
	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
	Others, Retirals	6.87	2.69	9.56
	Total (C)	158.42	54.28	212.70

VII. Penalties/Punishment/Compounding of offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]
			NIL	

CORPORATE GOVERNANCE

ICICI Lombard General Insurance Company Limited ("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, policyholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. integrity, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values. It also aims to increase and sustain its corporate value through growth and innovation.

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.

I. Management Structure

The Company has a multi-tier management structure, comprising the Board of Directors at the apex and followed by employees at 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 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.

II. Board Structure

At March 31, 2016, the Company's Board of Directors consisted of eleven members. Out of the eleven members of the Board, four are nominated by ICICI Bank Limited, two are nominated by Fairfax Financial Holdings Limited, two are Independent Directors and three are Wholetime Directors including the Managing Director & CEO. Except the Wholetime Directors, all other Directors, including the Chairperson of the Board, are Non-executive Directors. The composition of Board of Directors is in compliance with provisions of the Companies Act,

₹ 964.02 BILLION
Gross Direct Premium
(GDPI) of the industry
in FY2016

₹ 5.07 BILLION
Profit after tax in
FY2016 of the Company

2013 and in accordance with Corporate Governance Guidelines prescribed for insurance companies by IRDAI. There is a clear segregation of responsibility and authority between the Chairperson and the Wholetime Directors. The Board functions either as an entity per se, or through various Committees constituted to oversee specific operational areas. There is an appropriate mix of Executive, Non-executive and Independent Directors

to maintain the professionalism and independence of the Board. The Independent Directors are eminent personalities with significant expertise in the fields of accountancy, banking, finance, law, strategy, insurance and economics. None of the Directors are related to any other Director or employee of the Company. J.V.Prasad, Appointed Actuary of the Company is a permanent invitee of the Board Meeting.

Composition of the Board of Directors

Name of the Director	Category	Qualification	Field of Specialisation
Chanda Kochhar (DIN: 00043617)	Chairperson, Non- Executive, Nominee of ICICI Bank	B.A, MBA, ICWA, MMS (Finance)	Banking & finance
R. Athappan (DIN: 00915847)	Non- Executive, Nominee of Fairfax	B.E. (Electrical), A.I.I.I.	Insurance
Vijay Chandok (DIN: 01545262) w.e.f January 15, 2016	Non- Executive, Nominee of ICICI Bank	MMS, Bachelor in Technology	Banking & finance
Dileep Choksi (DIN:00016322)	Non- Executive, Independent	F.C.A, LL.B, ICWA	Accounting, Taxation, Corporate Restructuring and Mergers & Acquisitions
Zarin Daruwala (DIN:00034655) upto January 5, 2016	Non- Executive, Nominee of ICICI Bank	A.C.A, A.C.S	Banking & finance
N. S. Kannan (DIN:00066009)	Non- Executive, Nominee of ICICI Bank	B.E. (Hon), PGDM, IIM, Bangalore, CFA	Banking & finance
Ashvin Parekh (DIN:06559989)	Non- Executive, Independent	F.C.A	Business strategy, Corporate planning, business transformation across various industries
S. Mukherji (DIN:00057492)	Non- Executive, Nominee of ICICI Bank	B.A. (Eco.), M.Sc Economics (London School of Economics), MMS	Banking & finance.
Chandran Ratnaswami (DIN:00109215)	Non- Executive, Nominee of Fairfax	B.E. (Civil), MBA.	Investment & insurance.
M. K. Sharma (DIN:00327684) upto July 31, 2015	Non- Executive, Independent	B.A., LL.B, Diploma in Personnel Management	Corporate law, human resources management & risk management
Bhargav Dasgupta (DIN:00047728)	Managing Director	PGDM, IIM Bangalore, B.E. (Mechanical)	Banking & insurance.
Alok Kumar Agarwal (DIN:03434304)	Executive Director	B.E. (Chemical) PGDM, IIM Calcutta	Banking & insurance.
Sanjeev Mantri (DIN: 07192264)	Executive Director	F.C.A, ICWA	Banking & insurance.

CORPORATE GOVERNANCE (CONTD.)

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other board business. The Board met six times in the year under review on April 24, 2015, July 21, 2015, September 10, 2015, October 12, 2015, December 28, 2015 and January 15, 2016. The Chairman of respective Committees briefs the Board regarding key matters deliberated during the Committee Meetings. The attendance record of the Directors is set out in the following table:

Name of the Director	Number of Board Meetings attended during the year
Chanda Kochhar	6/6
R. Athappan	1/6
Dileep Choksi	6/6
Zarin Daruwala (upto January 5, 2016)	4/5
N. S. Kannan	6/6
S. Mukherji	6/6
Chandran Ratnaswami	4/6
M. K. Sharma (upto July 31, 2015)	1/2
Ashvin Parekh	6/6
Bhargav Dasgupta	6/6
Alok Kumar Agarwal	5/6
Sanjeev Mantri	5/6
Name of the Appointed Actuary	Number of Board Meetings attended during the year
Manalur Sandilya (Appointed Actuary upto November 30, 2015)	4/4
J.V. Prasad (Appointed Actuary wef December 1, 2015)	1/2

III. Board Committees ('the Committees')

The Board has constituted following Committees:

- (i) Board Nomination and Remuneration Committee
- (ii) Investment Committee
- (iii) Audit Committee
- (iv) Risk Management Committee
- (v) Policyholder Protection Committee
- (vi) Corporate Social Responsibility Committee

In addition to above, the Board has also constituted Bank Operation Committee, Share Transfer & Investor Grievance Redressal Committee and Debenture Committee comprising Non-executive Director, Wholetime Director and Executives. The terms of reference of the Committees of the Board are determined by the Board from time to time. Minutes of the Committee Meetings are placed before the Board for its information. The Chairman of the respective Committees briefs the Board on deliberations taken place at the Committee Meetings in relation to important discussions, noting and approvals. The role and composition of these Committees, alongwith the number of meetings held during FY2016 and the attendance of the members are provided below:

(i) Board Nomination and Remuneration Committee

Terms of reference

The functions of this Committee include identification of persons who are qualified to become directors and who may be appointed as senior management, formulation of criteria for determining qualifications, positive attributes, independence, recommendations of their appointments to the Board, framing an evaluation framework for the evaluation of the performance of the wholetime/independent Directors and the Board, evaluation of every director's performance, formulation of Remuneration Policy to include recommendation of remuneration for directors, key managerial personnel and senior management, approval of the policy for and quantum of bonus/long term performance pay payable to the members of the staff and wholetime Directors of the Company, framing of guidelines for the Employees Stock Options Scheme and recommendation of the grant of stock options to the employees and wholetime Directors of the Company.

Composition

In terms of the provisions of Companies Act, 2013, the Board Nomination and Remuneration Committee (the Committee) comprises four Non-executive Directors, two of whom are Independent Directors. The Committee was chaired by Dileep Choksi, an Independent Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met five times in the year under review on April 24, 2015, July 21, 2015, September 10, 2015, December 28, 2015 and January 15, 2016.

Attendance record of the Members:

Name of Member	Number of Meetings attended
M. K. Sharma, <i>Chairman (upto July 31, 2015)</i>	1/2
Dileep Choksi, <i>Chairman (wef September 10, 2015)</i>	5/5
Chanda Kochhar, <i>Non-executive Director</i>	5/5
Chandran Ratnaswami, <i>Non-executive Director</i>	4/5
Ashvin Parekh, <i>Non-executive Director (wef September 10, 2015)</i>	2/2

The Board of Directors at its Meeting held on September 10, 2015 had re-constituted the Board Nomination and Remuneration Committee pursuant to which Ashvin Parekh was appointed as Member of the Committee and Dileep Choksi was appointed as Chairman of the Committee in place of M.K. Sharma.

(ii) Investment Committee

Terms of reference

The functions of the Committee include overseeing the implementation of the investment policy approved by the Board from time to time, reviewing the said 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 and reviewing counter party/intermediary exposure norms.

In addition to the above the Committee also supervises the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management

policy. The Committee also oversees the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the Company and reviews the broker empanelment/de-empanelment on an annual basis.

Composition

The Investment Committee (the Committee) comprises two Non-executive Directors, one Executive Director, the Appointed Actuary of the Company, the Chief Investments and the Chief Financial Officer. The Committee was chaired by Chandran Ratnaswami, a Non-executive Nominee Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 24, 2015, July 21, 2015, October 9, 2015 and January 15, 2016

Attendance record of the Members:

Name of Member	Number of Meetings attended
Chandran Ratnaswami ¹ , <i>Chairman</i>	2/4
N. S. Kannan, <i>Non-executive Director</i>	4/4
Bhargav Dasgupta, <i>Managing Director & CEO</i>	4/4
Manalur Sandilya, <i>Appointed Actuary (upto November 30, 2015)</i>	3/3
J. V. Prasad, <i>Appointed Actuary (wef December 1, 2015)</i>	1/1
S. Gopalakrishnan, <i>Chief Investments</i>	4/4
Gopal Balachandran, <i>Chief Financial Officer</i>	2/4

- The meetings of the Committee held on April 24, 2015 and October 9, 2015 were chaired by N. S. Kannan in absence of Chandran Ratnaswami, Chairman of the Committee.

(iii) Audit Committee

Terms of reference

The functions of the Committee include overseeing the Company's financial reporting process under Indian

CORPORATE GOVERNANCE (CONTD.)

GAAP and US GAAP and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment/removal of external auditor(s), fixation of audit fee and payment for any other services, review of the quarterly and annual financial statements before submission to the Board including management report and solvency margin position, review and monitor the auditor's independence and performance, effectiveness of audit process, reviewing with the management, external auditors and internal auditors, evaluation of internal control systems, discussion with external auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit, discussion with internal auditors any significant findings and follow up there on, reviewing 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, review of functioning of Whistle Blower Policy and reporting the matter to the Board, review of compliance, show cause/inspection and audit reports, review the Company's financial and risk management policies and looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, approval or any subsequent modification of transactions of the company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the company, wherever it is necessary and monitoring the end use of funds raised through public offers and related matters.

Composition

The Audit Committee (the Committee) comprises of three Non-executive Directors, two of whom are Independent Directors. The Chief Financial Officer and the Chief Risk Officer, Internal Auditor, the Head of Group Internal Audit, Statutory Auditors and their representatives, Compliance Officer and other officials at senior management level are invitees to the Audit

Committee. The Committee was chaired by Dileep Choksi, an Independent Director. All members of the Committee are financially literate and the Chairman has accounting and financial expertise.

The composition of the Committee is given below along with the attendance of the members. The Committee met five times in the year under review on April 23, 2015, June 25, 2015, July 20, 2015, October 12, 2015 and January 14, 2016.

Attendance record of the Members:

Name of Member	Number of Meetings attended
Dileep Choksi, <i>Chairman</i>	5/5
R. Athappan, <i>Non-executive Director</i> <i>(upto September 10, 2015)</i>	-
S. Mukherji, <i>Non-executive Director</i>	5/5
Ashvin Parekh, <i>Non-executive Director</i>	5/5
M. K. Sharma, <i>Non-executive Director</i> <i>(upto July 31, 2015)</i>	2/3

The Board of Directors at its Meeting held on September 10, 2015 had re-constituted the Audit Committee pursuant to which R. Athappan had stepped down as the member of the Committee.

(iv) Risk Management Committee

Terms of reference

The functions of the Committee include assisting the Board in effective operation of the risk management programme by performing specialised analysis and quality reviews, maintaining a group-wide and aggregated view on the risk profile of the insurer in addition to the solo and individual risk profile, reporting to the Board details on the risk exposures and the actions taken to manage the exposures and advising the Board with regard to risk management decisions in relation to strategic and operational matters, review of outsourcing guidelines.

Composition

The Risk Management Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI). It comprises of three Non-executive Directors and one Executive Director. The Chief Financial Officer and Chief Risk Officer and other officials at senior management level are invitees to the Committee Meetings. The Committee was chaired by S. Mukherji, a Non-executive Nominee Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 23, 2015, July 20, 2015, October 9, 2015 and January 14, 2016.

Attendance record of the Members:

Name of Member	Number of Meetings attended
S. Mukherji, <i>Chairman</i>	4/4
R. Athappan, <i>Non-executive Director</i>	-
Ashvin Parekh, <i>Non-executive Director</i>	4/4
Bhargav Dasgupta, <i>Managing Director & CEO</i>	4/4

(v) Policyholder Protection Committee

Terms of reference

The functions of the Committee include 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 at periodic intervals, reviewing the status of complaints at periodic intervals to the policyholders, providing the details of grievances at periodic intervals in such formats as may be prescribed by the Authority, providing details of Insurance

Ombudsman to the policyholders, monitoring of payment of dues to the policyholders and disclosure of unclaimed amount thereof.

Composition

The Policyholder Protection Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by IRDAI. It comprises three Non-executive Directors and one Executive Director. The Committee was chaired by Ashvin Parekh, an Independent Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 23, 2015, July 20, 2015, October 9, 2015 and January 14, 2016.

Attendance record of the Members:

Name of Member	Number of Meetings attended
M. K. Sharma ¹ , <i>Chairman</i> (upto July 31, 2015)	1/2
Ashvin Parekh, <i>Chairman</i> (wef September 10, 2015)	2/2
S. Mukherji, <i>Non-executive Director</i>	4/4
Chandran Ratnaswami, <i>Non-executive Director</i>	2/4
Bhargav Dasgupta, <i>Managing Director & CEO</i>	4/4

- The meeting of the Committee held on July 20, 2015 was chaired by S. Mukherji in absence of M. K. Sharma, Chairman of the Committee.

The Board of Directors at its Meeting held on September 10, 2015 had re-constituted the Policyholder Protection Committee pursuant to which Ashvin Parekh was appointed as Member and Chairman of the Committee in place of M. K. Sharma.

(vi) Corporate Social Responsibility Committee

Terms of reference

The functions of the Committee include review of corporate social responsibility (CSR) initiatives

CORPORATE GOVERNANCE (CONTD.)

undertaken by the ICICI Lombard, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the ICICI Lombard and recommendation of the amount of the expenditure to be incurred on such activities, review and recommend the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act.

Composition

The Corporate Social Responsibility Committee (the Committee) has been formed in accordance with the provisions of the Companies Act, 2013. The Committee was constituted in the Board Meeting held on April 18, 2014. It comprises of three Non-executive Directors and one Executive Director. The Committee was chaired by Dileep Choksi, an Independent Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met two times in the year under review on April 23, 2015 and July 20, 2015.

Attendance record of the Members:

Name of Member	Number of Meetings attended
M. K. Sharma, <i>Chairman (upto July 31, 2015)</i>	1/2
Dileep Choksi, <i>Chairman (wef September 10, 2015)</i>	-
S. Mukherji, <i>Non-executive Director</i>	2/2
R. Athappan, <i>Non-executive Director</i>	-
Bhargav Dasgupta, <i>Managing Director & CEO</i>	2/2

The Board of Directors at its Meeting held on September 10, 2015 had re-constituted the Corporate Social Responsibility Committee pursuant to which Dileep Choksi was appointed as Member and Chairman of the Committee in place of M.K.Sharma.

Independent Director's Meeting

The code of conduct for Independent Directors prescribed vide Schedule IV of the Companies Act, 2013, provides for an evaluation mechanism for the Board/Chairperson/Non-executive Directors/Wholetime Directors which would need to be done at a separate Meeting of Independent Directors, without the attendance of Non-independent Directors and members of management.

Independent Directors of the Company met on April 19, 2016 for FY2016 without the presence of Executive Directors, Non-executive 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 Executive Directors being present, to discuss issues and concerns, if any.

Evaluation Mechanism

The Companies Act, 2013 provided that every listed company and such other class of companies as may be prescribed shall carry out evaluation of every Director's performance. The Companies Act, 2013 has also prescribed the code of conduct (the Code) for Independent Directors which provided that the Independent Directors shall meet atleast once in a year to review the performance of Non-independent Directors and the Board as a whole and the Chairperson of the Company. The Code also mentioned that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Company with the approval of its Board Nomination & Remuneration Committee has put in place an evaluation framework for evaluation of the Board, Directors and Chairperson. The Board also carries out an evaluation of the working of its Audit Committee, Board Nomination & Remuneration Committee, Risk Management Committee, Investment Committee, Policyholder Protection Committee and Corporate Social Responsibility Committee.

The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees. The evaluations for

the Directors and the Board were done through circulation of two questionnaires, one for the Directors and the other for the Board which assessed the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including 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 were based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

Policy on Directors' Appointment and Remuneration

The Board at its Meeting held on January 14, 2010 had approved adoption of Policy on appointment and compensation of employees (including Wholetime Directors and senior management). The Compensation Guidelines forming part of Policy on appointment and compensation of employees was approved by the Board Nomination and Remuneration Committee at its Meeting held on April 13, 2012. The sitting fee payable to Independent Directors (other than Nominee Directors) as prescribed under the Companies Act, 2013 for attending Board and Committee Meetings was approved by the Board at its Meeting held on April 18, 2014. Further the Company at the Board Meeting held on March 31, 2015 approved the criteria for appointment of a Director, key managerial personnel and senior management.

IV. Details of Managerial Remuneration for FY2016:

(i) Wholetime Directors:

The Board based on the recommendation of the Board Nomination and Remuneration Committee approved revision in the remuneration, performance bonus and long term performance pay payable to the Wholetime Directors. In terms of provisions of Insurance Amendment Act, 2015, prior approval of IRDAI is obtained to effect the remuneration of Wholetime Directors.

The details of remuneration of Wholetime Directors' are as under:

Particulars	₹ in 000's	
	FY2015	FY2016
Salaries and allowances	123,096	107,652
Contribution to provident fund	3,214	3,668
Perquisites including perquisites, tax on ESOP's	36,170	608

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 payable to them. The Board at its Meeting held on April 18, 2014 had increased the sitting fees of Non-executive Independent Director to ₹ 100,000 for attending Board Meetings and the sitting fees for attending Committee Meetings is ₹ 20,000.

The details of sitting fees paid to Non-executive Independent Directors are as follows:

Names of Director	Amount (in ₹)
Dileep Choksi	820,000
M. K. Sharma (upto July 31, 2015)	220,000
Ashvin Parekh	880,000

(iii) Non-executive nominee Directors:

Non-executive Nominee Directors were not paid any sitting fees during FY2016.

V. Internal Control

ICICI Lombard has adopted the following Frameworks in accordance with the requirements laid down under Corporate Governance Guidelines.

(i) Internal Audit Framework

ICICI Lombard has established an internal audit framework with a risk based approach. The internal audit covers auditing of processes as well as transactions.

CORPORATE GOVERNANCE (CONTD.)

ICICI Lombard has designed its internal control framework to provide reasonable assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. 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 Board/Committee considers that the internal control framework is appropriate to the business.

Internal Audit Department's key audit findings, recommendations and compliance status of the previous key audit findings are reported to the Audit Committee. The Audit Committee actively monitors the implementation of its recommendations. The Chairman of the Audit Committee briefs the Board on deliberations taken place 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. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

(iii) Risk Management Framework

The objective of the Risk Management Framework (the 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 5 broad groups namely

Credit Risk, Market Risk, Underwriting Risk, Operational Risk and Strategic Risk. The broad structure of the 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 Enterprises Risk Management 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 senior management of the Company is responsible for periodic review of the risk management process to ensure that the process initiatives are aligned to the desired objectives. The Internal Audit Department is responsible for review of 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 Risk Management Committee is kept apprised of the outcome of the same.

The Company's Reinsurance Program 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 risk related to market and operations. The Operational Risk Policy defines the tolerance limits and lays down the framework for monitoring, supervision, reporting and management of operational risks of the Company.

Stress testing is conducted on a periodic basis to identify and quantify the overall impact of different

stress scenarios on the Company's financial position. These tests do not predict what will happen, but are useful for examining what might happen.

The Risks 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.

VII. Other information:

(i) Annual General Meetings

The details of the Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day, Date	Time	Venue
Thirteenth AGM	Monday, June 17, 2013	11.15 a.m.	ICICI Lombard House, 414, Veer
Fourteenth AGM	Friday, June 20, 2014	11.00 a.m.	Savarkar Marg, Prabhadevi,
Fifteenth AGM	Thursday, June 25, 2015	11.00 a.m.	Mumbai 400 025

Extraordinary General Meeting (EGM)

ICICI Lombard held Extraordinary General Meetings on July 31, 2015 for ratification in remuneration payable to MD & CEO and on February 9, 2016 for Issuance of subordinated debt, Grant of stock options of ICICI Bank Limited to Bhargav Dasgupta, Managing Director & CEO and Sanjeev Mantri, Executive Director and Re-appointment of Alok Kumar Agarwal as wholetime Director designated as Executive Director.

One special resolution was passed by requisite majority at the EGM held on February 9, 2016 for Issuance of subordinated debt and other 3 ordinary resolution were passed unanimously.

(ii) History of Dividends declared during last five years

Financial year	Dividend type	Percentage
2015-16	Final Dividend	30%
2014-15	Final Dividend	20%
2013-14	-	-
2012-13	-	-
2011-12	-	-
2010-11	Final Dividend	14%

(iii) Details of the orders passed by the Regulators/Courts/Tribunals during the year

The Company in its ordinary course of business receives order 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.

(iv) Means of Communication

The Company's website www.icicilombard.com serves as a key awareness platform for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segment and financial performance of the Company. The Company periodically publishes its financial performance in print media and also hosts the same on its website.

In accordance with IRDAI circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010, half-yearly financial results of the Company were published in two prominent daily newspapers. The quarterly, half-yearly and annual financial information are available on the website of the Company. Additionally, the Annual Reports of the Company are also available on the website.

CORPORATE GOVERNANCE (CONTD.)

(v) Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is U67200MH2000PLC129408, and the Company registration number is 11-129408.

(vi) Registrar and Transfer Agents

The Registrar and Transfer Agent of the Company is 3i Infotech Limited. Investor services related queries/requests/complaints may be directed at the address as under:

3i Infotech Limited

International Infotech Park
Tower 5, 3rd Floor
Vashi Railway Station Complex
Vashi, Navi Mumbai 400 703
Maharashtra, India
Tel No. : +91-22-6792 8000
Fax No. : +91-22-6792 8099

(vii) Correspondence Address

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

Gopal Balachandran/Vikas Mehra

ICICI Lombard General Insurance Company Limited

414, Veer Savarkar Marg, Prabhadevi
Mumbai 400 025
Tel No. : +91-22-6196 1100
Fax No. : +91-22-6196 1323

Acknowledgements

ICICI Lombard is grateful to the Insurance Regulatory and Development Authority of India, Reserve Bank of India, General Insurance Council and other regulatory authorities for their support and advice. The Directors also place on record their sincere thanks for the support and co-operation extended by the Policyholders, Reinsurers, Insurance Agents and Brokers.

ICICI Lombard would like to express its gratitude for the continued support and guidance received from ICICI Bank, Fairfax Financial Holdings Limited and their group companies.

The Directors express their deep sense of appreciation of all the employees, whose outstanding professionalism, commitment and initiative have made the organisation's growth and success possible and continue to drive its progress. The Directors also wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

Chanda Kochhar
Chairperson

Mumbai, April 19, 2016

CERTIFICATE FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

I, Vikas Mehra, hereby certify that the Company has complied with the corporate governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

Vikas Mehra
Company Secretary

MANAGEMENT REPORT

In accordance with the provisions of the Insurance Regulatory & Development Authority of India ('IRDAI') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('Regulation') the following Management Report for the year ended March 31, 2016 is submitted:

1. The Company obtained Regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration.
2. We certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares are in accordance with statutory and regulatory requirements.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDAI, outside India.
5. We confirm that the required solvency margin has been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the balance sheet and that in our belief the assets set forth in the balance sheet are shown in aggregate at amounts not exceeding their realisable or market value under several headings - investments, agents balances, outstanding premiums, amount due from other entities carrying on insurance business, interest and dividend accrued, cash and several items specified under other accounts except unlisted equity, venture fund, securitised receipts, debt securities which are stated at cost / amortised cost.
7. The entire gross risk exposure of the portfolio consists of fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, rural and credit insurance and other lines of business.

The overall exposure is spread over various sectors including but not limited to power, textiles, heavy and light engineering, paper, services, fast moving consumer goods, auto components, etc across urban and rural segments as well as across demography.

The business underwritten pertains to the various products filed by us with IRDAI, as per the file and use procedure; this includes tariff as well as non tariff products.

While in property lines (Fire) the net retention has not exceeded ₹ 2,500.0 million on a PML basis (previous year: ₹ 2,500.0 million) in any single risk, this also gets graded down to between ₹ 30.0 million to ₹ 2,500.0 million (previous year: between ₹ 5.0 million to ₹ 2,500.0 million) on a case-to-case basis, depending on exposure levels and prudent underwriting standards. The excess of loss treaties protect the accumulation of the net retentions.

Further, before underwriting any major property risk, a risk inspection is carried out, and on being satisfied about the acceptability of risk, the same is accepted. In addition, various loss prevention / risk-mitigating measures are also suggested to the clients to help improve the risks.

8. We confirm that there are no operations of the Company outside India.
9.
 - a) For ageing analysis of claims outstanding during the preceding five years, please refer Annexure 1.
 - b) For average claims settlement time during the preceding five years, please refer Annexure 2.
 - c) For details of claims intimated, please refer Annexure 3.
10. We certify that the Investments made in debt securities have been valued at historical cost subject to amortisation of premium / discount. The same is in accordance with the Insurance Regulatory and Development Authority of India

MANAGEMENT REPORT (CONTD.)

('IRDAI') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulation, 2002 ('Regulation').

For the purpose of comparison, the fair value of debt securities has been arrived on a Yield to maturity (YTM) basis by using the appropriate discount rates derived from the yield curve data provided by the Fixed Income and Money Market Dealers Association (FIMMDA) in respect of Government Securities and Crisil's Security Level Valuation (SLV) in respect of other debt instruments.

Listed equity securities and convertible preference shares as at the balance sheet date is stated at fair value being the last quoted closing price on NSE. However, in case of any stock not being traded on NSE, the Company has valued them based on the last quoted closing price on BSE.

Mutual fund investments are stated at fair value, being the closing net asset value as at balance sheet date.

Investment Properties - Real Estate is stated at historical cost less accumulated depreciation.

Investments other than those mentioned above are valued at cost.

In accordance with the Regulation, unrealised gain/loss arising due to changes in fair value of listed equity shares, convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realisation.

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity and units of mutual fund. The impairment loss, if any, is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists,

then such loss is reversed to the profit and loss account and the investment is restated to that extent.

Impairment for Investment properties is assessed at each balance sheet date. The impairment loss, if any is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value.

11. Investments as at March 31, 2016 amount to ₹ 115,625.2 million (Refers schedule 8, previous year: ₹ 101,997.2 million). Income from Investments amounted to ₹ 11,574.4 million (previous year: ₹ 9,280.3 million).

Investments other than deposits with the banks, units of mutual fund, units of venture fund and security receipts are only in regularly traded instruments in the secondary markets. The Company's debt investment comprises largely of government securities, AAA and AA/P1+ rated security.

All are performing investments with no arrears of any payments due. Investments are managed in consonance with the investment policy framed from time to time by the Board and are within the investment regulation and guidelines of IRDAI.

12. We also confirm:
 - (a) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
 - (b) the management has adopted 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 for the year ended and of the operating profit and of the profits of the Company for the year ended;

- (c) the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938)/ Companies Act, 1956 (1 of 1956)/ Companies Act, 2013 (to the extent notified), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the management has prepared the financial statements on a going concern basis;
- (e) The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. For payments made to individuals, firms, companies and organisations in which Directors are interested, please refer to Annexure 4.

For and on behalf of the Board

Chanda Kochhar

Chairperson

S. Mukherji

Director

Dileep Choksi

Director

Bhargav Dasgupta

Managing Director & CEO

Alok Kumar Agarwal

Executive Director

Sanjeev Mantri

Executive Director

Gopal Balachandran

Chief Financial Officer

Vikas Mehra

Company Secretary

Mumbai, April 19, 2016

DETAILS OF CLAIMS OUTSTANDING DURING THE PRECEDING FIVE YEARS

Annexure - 1

As at March 31, 2016

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	538	18,832.8	1,116	7,610.3	7	1,275.5	42,298	43,533.5	2,028	279,256.1	208	2,965.0	1	637.6
30 days to 6 months	203	20,200.1	1,528	6,180.6	9	292.5	12,686	8,049.7	8,096	26,923.6	384	642.1	5	4.7
6 months to 1 year	224	5,100.9	579	3,341.8	10	664.5	388	921.5	7,438	25,562.4	170	292.9	4	24.0
1 year to 5 years	886	19,425.8	268	3,727.2	40	2,905.3	80	316.7	27,587	87,496.1	-	-	20	615.3
More than 5 years	219	2,533.5	51	1,205.2	64	924.6	-	-	16,832	38,572.8	-	-	1	1.9
Grand Total	2,070	66,093.1	3,542	22,065.1	130	6,062.4	55,452	52,821.4	61,981	457,811.0	762	3,900.0	31	1,283.5

As at March 31, 2015

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	445	16,375.4	1,147	6,216.5	7	1,604.4	30,272	52,827.9	1,701	233,447.2	97	2,463.2	7	429.5
30 days to 6 months	302	11,651.5	1,401	4,084.0	11	2,871.3	9,105	6,145.5	7,702	16,971.0	448	725.6	6	63.6
6 months to 1 year	532	15,732.7	227	1,804.2	9	1,648.2	306	839.8	7,294	16,674.3	210	255.0	6	120.4
1 year to 5 years	931	19,106.1	190	3,378.6	43	2,916.9	47	165.0	32,423	80,044.9	4	5.9	14	94.5
More than 5 years	207	2,523.3	42	154.7	63	947.4	-	-	14,712	28,150.9	-	-	3	4.3
Grand Total	2,417	65,389.0	3,007	15,638.0	133	9,988.2	39,730	59,978.2	63,832	375,288.3	759	3,449.7	36	712.3

As at March 31, 2014

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	227	17,116.5	1,496	4,055.4	19	1,695.9	25,447	39,508.2	1,636	324,243.8	265	2,250.0	7	268.0
30 days to 6 months	317	12,236.1	1,264	3,984.2	13	1,914.3	8,018	5,426.2	7,850	14,958.0	514	558.8	2	50.8
6 months to 1 year	297	4,598.9	230	1,001.2	12	376.2	448	932.0	6,876	13,339.2	252	243.2	5	6.5
1 year to 5 years	1,260	11,926.1	347	3,514.4	43	937.5	39	218.5	35,801	84,633.8	7	41.4	7	11.4
More than 5 years	129	1,106.7	84	176.1	62	781.3	-	-	10,062	17,637.2	-	-	3	9.3
Grand Total	2,230	46,984.3	3,421	12,731.3	149	5,705.2	33,952	46,084.9	62,225	454,812.0	1,038	3,093.4	24	346.0

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
281	8,831.8	5	3,705.0	3,411	21,520.3	45,606	33,909.2	32	565.0	2,164	17,980.8	97,695	440,622.9
182	3,481.3	48	1,865.8	604	1,362.8	1,914	3,688.5	4	50.3	1,869	5,329.0	27,532	78,071.0
95	4,292.8	53	672.3	-	-	389	662.6	5	46.9	118	896.3	9,473	42,478.9
325	7,734.7	322	6,097.1	-	-	644	797.7	29	158.4	623	18,119.2	30,824	147,393.5
122	1,173.3	18	284.8	-	-	-	-	8	108.2	88	701.7	17,403	45,506.0
1,005	25,513.9	446	12,625.0	4,015	22,883.1	48,553	39,058.0	78	928.8	4,862	43,027.0	182,927	754,072.3

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
373	7,254.7	11	2,038.3	1,094	12,959.0	60,818	31,127.8	27	456.5	2,400	14,488.2	98,399	381,688.6
192	3,091.4	30	514.0	764	2,634.3	4,223	3,971.1	9	61.3	1,334	2,342.0	25,527	55,126.6
93	1,581.4	76	1,578.8	151	520.6	1,100	429.9	7	33.2	251	6,056.5	10,262	47,275.0
309	9,366.9	229	5,406.0	444	1,702.4	411	743.8	32	237.6	781	15,290.9	35,858	138,459.5
166	1,125.9	8	93.8	-	-	-	-	7	99.9	55	581.0	15,263	33,681.2
1,133	22,420.3	354	9,630.9	2,453	17,816.3	66,552	36,272.6	82	888.5	4,821	38,758.6	185,309	656,230.9

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
157	4,391.6	29	2,108.0	578	8,366.0	504,138	34,263.3	57	566.2	2,327	27,556.7	536,383	466,389.6
240	4,247.6	43	1,691.6	1,193	1,738.0	7,931	3,499.1	34	342.9	1,456	6,686.0	28,875	57,333.7
131	7,620.4	95	457.6	266	626.5	149	198.3	19	100.2	549	11,077.9	9,329	40,577.8
512	6,801.8	123	5,928.4	703	1,555.0	366	1,302.7	10	57.0	327	5,449.4	39,545	122,377.4
82	923.0	4	20.6	-	-	-	-	4	80.4	15	291.4	10,445	21,026.0
1,122	23,984.4	294	10,206.2	2,740	12,285.5	512,584	39,263.4	124	1,146.7	4,674	51,061.4	624,577	707,704.5

DETAILS OF CLAIMS OUTSTANDING DURING THE PRECEDING FIVE YEARS (CONTD.)

Annexure - 1

As at March 31, 2013

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	560	7,769.5	831	2,691.9	4	224.7	21,963	25,297.2	1,720	332,790.8	93	1,598.9	372	596.0
30 days to 6 months	249	4,689.9	548	2,459.9	5	139.2	5,712	4,289.8	7,548	14,653.1	611	766.2	638	222.0
6 months to 1 year	231	3,931.9	123	413.9	13	80.8	276	916.5	7,796	18,052.6	193	253.3	90	40.5
1 year to 5 years	1,244	20,056.6	723	5,591.0	109	1,474.8	15	73.1	41,815	91,461.5	11	20.2	51	103.8
More than 5 years	48	628.5	11	23.1	36	2,169.0	-	-	5,013	8,382.5	-	-	1	3.1
Grand Total	2,332	37,076.4	2,236	11,179.8	167	4,088.5	27,966	30,576.6	63,892	465,340.5	908	2,638.6	1,152	965.4

As at March 31, 2012

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	98	6,585.5	1,864	2,667.3	8	233.6	16,861	17,547.1	2,056	319,386.6	55	1,095.5	353	187.6
30 days to 6 months	209	17,376.0	1,000	3,374.7	8	480.0	8,984	4,517.9	8,600	17,643.7	310	465.5	510	176.3
6 months to 1 year	94	1,659.0	140	646.4	12	348.9	602	1,040.7	8,605	19,505.3	148	285.2	21	16.3
1 year to 5 years	1,271	19,894.6	631	5,462.9	144	6,818.0	362	902.0	39,880	79,128.7	54	73.8	16	92.1
More than 5 years	24	211.6	-	-	19	907.0	-	-	1,284	2,227.2	-	-	3	3.1
Grand Total	1,696	45,726.7	3,635	12,151.3	191	8,787.5	26,809	24,007.7	60,425	437,891.5	567	1,920.0	903	475.4

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
458	2,592.0	11	1,583.0	975	6,566.4	724,369	32,595.3	2	155.5	1,848	12,552.0	753,206	427,013.2
202	2,132.8	74	4,106.9	1,079	1,788.8	3,378	2,383.5	12	787.9	1,114	7,428.7	21,170	45,848.7
77	2,531.1	71	1,109.0	294	865.5	241	238.9	3	3.4	97	237.0	9,505	28,674.4
397	8,325.5	83	1,527.0	174	681.3	1,698	1,347.7	37	261.4	308	8,006.6	46,665	138,930.5
26	215.4	-	0.5	-	-	-	-	2	83.8	70	351.1	5,207	11,857.0
1,160	15,796.8	239	8,326.4	2,522	9,902.0	729,686	36,565.4	56	1,292.0	3,437	28,575.4	835,753	652,323.8

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
115	1,544.1	21	1,468.8	426	3,769.0	455,408	23,978.0	-	46.8	753	5,767.4	478,018	384,277.4
208	2,839.5	27	789.5	1,526	2,520.5	748,125	5,530.7	3	11.3	1,432	6,758.0	770,942	62,483.1
107	4,369.2	20	592.0	388	498.0	236,938	880.1	2	15.7	685	1,890.4	247,762	31,748.6
326	4,687.6	64	1,320.9	148	220.0	10,376	4,002.4	66	1,163.2	1,371	9,448.8	54,709	133,215.4
20	127.1	2	35.0	-	-	-	-	3	-	8	244.2	1,363	3,755.8
776	13,567.5	134	4,206.2	2,488	7,007.5	1,450,847	34,391.2	74	1,237.0	4,249	24,108.8	1,552,794	615,480.3

DETAILS OF AVERAGE CLAIM SETTLEMENT TIME FOR THE PRECEDING FIVE YEARS*

Annexure - 2

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015		For the year ended March 31, 2014		For the year ended March 31, 2013		For the year ended March 31, 2012	
	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)
Fire	3,499	124	3,187	309	2,587	397	1,837	141	1,326	120
Marine Cargo	31,817	31	26,973	76	26,259	44	24,058	55	22,763	59
Marine Hull	33	785	44	842	69	1,026	56	894	74	728
Motor	911,306	11	763,418	12	658,080	14	544,309	15	454,501	16
Workmen's Compensation	1,275	155	1,689	134	1,434	148	1,149	162	699	80
Public/Product Liability	110	180	212	52	4,125	60	13,413	58	9,784	26
Engineering	2,278	78	1,674	239	2,516	175	1,520	113	1,606	107
Aviation	199	192	135	246	175	296	105	256	52	177
Personal Accident	5,541	52	6,625	46	6,365	58	7,356	92	9,277	54
Health	611,066	6	2,584,015	9	5,698,323	13	4,443,879	15	3,827,703	15
Credit Insurance	93	122	96	270	45	119	56	598	15	165
Others	23,276	54	24,659	46	16,202	43	12,729	102	11,659	87
Total	1,590,493	10	3,412,727	11	6,416,180	14	5,050,467	16	4,339,459	16

*The above ageing does not include Motor third party claims which have to be settled through MACT and other judicial bodies.

DETAILS OF CLAIMS INTIMATED

Annexure - 3

Product	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Claims Intimated	Amount (₹ in lacs)*	Claims Intimated	Amount (₹ in lacs)*
Fire	3,152	46,333.0	3,374	42,129.4
Marine Cargo	32,352	26,931.8	26,559	22,716.9
Marine Hull	30	701.8	28	5,930.8
Motor OD	927,028	169,966.1	769,196	134,008.8
Motor TP	24,625	127,411.5	23,149	80,684.2
Workmen's Compensation	1,278	2,580.4	1,410	2,495.5
Public/Product Liability	105	508.4	224	285.8
Engineering	2,150	16,475.3	1,685	8,893.1
Aviation	291	6,161.8	195	6,314.7
Personal Accident	7,103	14,246.4	6,338	12,517.1
Health	593,067	115,638.0	2,137,983	129,052.5
Credit Insurance	89	835.9	54	569.3
Others	23,317	127,401.8	24,806	71,133.1
Grand Total	1,614,587	655,192.2	2,995,001	516,731.2

*Amount of claims intimated includes change in reserve

LIST OF PAYMENTS TO PARTIES IN WHICH DIRECTORS ARE INTERESTED

Annexure - 4

(₹ in lacs)

Sl. No.	Entity in which Director is interested	Name of Director	Interested as	For the year ended March 31, 2016	For the year ended March 31, 2015
1	Asian Paints Limited	Mr. M.K.Sharma ¹	Director	32.7	460.9
2	Arvind Limited	Mr. Dileep Choksi ²	Director	130.6	15.4
3	Associated Chambers of Commerce and Industry of India (ASSOCHAM)	Ms. Chanda Kochhar	Director	2.0	-
4	Blue Star Limited	Mr. M.K.Sharma ¹	Member	-	9.4
5	Bombay Gymkhana Limited	Ms. Chanda Kochhar	Member	2.0	1.7
		Mr. Dileep Choksi	Member		
6	Cricket Club of India	Mr. Dileep Choksi	Member	-	3.9
		Mr. N. S. Kannan	Member		
7	FAL Corporation	Mr. Chandran Ratnaswami	Director	3,435.0	2,290.0
8	ICICI Bank Limited	Ms. Chanda Kochhar	Director	19,267.7	15,896.5
		Mr. N. S. Kannan	Director		
		Mr. Dileep Choksi	Director		
9	ICICI Foundation for Inclusive Growth	Ms. Chanda Kochhar	Trustee	663.2	525.6
		Mr. Bhargav Dasgupta	Trustee		
		Mr. N. S. Kannan	Trustee		
10	ICICI Home Finance Company Limited	Mr. Dileep Choksi	Director	201.2	224.1
11	ICICI Prudential Life Insurance Company Limited	Ms. Chanda Kochhar	Chairperson	171.2	65.8
		Mr. N. S. Kannan	Director		
12	ICICI Prudential Asset Management Company Limited	Ms. Chanda Kochhar	Chairperson	1.0	-
		Mr. N. S. Kannan	Director		
		Mr. M.K.Sharma ¹	Director		
13	ICICI Securities Limited	Ms. Chanda Kochhar	Chairperson	354.7	371.2
		Ms. Zarin Daruwala ⁵	Director		
14	ICICI Securities Primary Dealership Limited	Mr. N. S. Kannan	Chairman	15.1	18.9
		Mr. Ashvin Parekh ³	Director		
15	International Insurance Society, New York, USA	Mr. Bhargav Dasgupta	Director Member	5.1	3.1
16	International Paper APPM Limited (formerly: The Andhra Pradesh Paper Mills Ltd.)	Mr. M.K.Sharma ¹	Director	0.7	73.3
17	Knight Frank (India) Pvt. Limited	Mr. Dileep Choksi	Advisor	-	8.7
18	Lupin Limited	Mr. Dileep Choksi	Director	1,580.5	1,146.9
19	Thomas Cook (India) Limited	Mr. M.K.Sharma ¹	Director	2,207.5	1,360.2
		Mr. Chandran Ratnaswami	Director		
20	Wipro Limited	Mr. M.K.Sharma ¹	Director	127.5	1,428.7
21	Others ⁶				
	National Sports Club of India	Mr. Neelesh Garg ⁴	Member		
		Ms. Zarin Daruwala ⁵	Member		
	ICICI Venture Fund Management Company Limited	Mr. S. Mukherji	Director		
	The Willingdon Sports Club	Ms. Chanda Kochhar	Member		
		Mr. N. S. Kannan	Member		
		Mr. Bhargav Dasgupta	Member		
	Total others			1.0	1.0

¹ceased to be Director in ICICI Lombard w.e.f. July 31, 2015

²appointed as Director in Arvind Limited w.e.f. May 12, 2014

³appointed as Director in ICICI Securities Primary Dealership Limited w.e.f. March 30, 2015

⁴ceased to be Director in ICICI Lombard w.e.f. February 2, 2015

⁵ceased to be Director in ICICI Lombard w.e.f. January 5, 2016

⁶Individual payments to parties during the year and aggregate payments during the previous year are less than ₹ 1 lac pertaining to previous year where Individual payments are less than ₹ 1 lac

⁷Mr. Vijay Chandok appointed as Director in ICICI Lombard w.e.f. January 15, 2016. No payments are made to parties in which the director is interested

INDEPENDENT AUDITORS' REPORT

To The Members of

ICICI Lombard General Insurance Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue accounts'), the Profit and Loss account and the Receipts and Payments account for the year then ended, the schedules annexed there to, a summary of the significant accounting policies and other explanatory notes thereon.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the Insurance Regulatory and Development Authority of India ('IRDAI') in this behalf and current practices prevailing within the insurance industry in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the Insurance Regulatory and Development Authority of India ('IRDAI') in this behalf, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations').
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In

making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Act, 1999 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

- a. in the case of Balance Sheet, of the state affairs of the Company as at March 31, 2016;
- b. in the case of Revenue Account, of the operating profit in Fire and Miscellaneous business and operating loss in Marine business for the year ended on that date;
- c. in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- d. in case of Receipts and Payments Account, of the Receipts and Payments for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002, in our opinion and according to the information and explanations give to us, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) As the Company's accounts are centralised and maintained at the corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company.
- (c) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (d) The Balance sheet, the Revenue account, the Profit and Loss account and the Receipts and Payments account dealt with by this report are in agreement with the books of account.
- (e) The aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDAI in this regard.
- (f) Investments have been valued in accordance with the provisions of the Insurance Act, 1938 and Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Regulations and orders/directions issued by IRDAI in this regard.
- (g) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2016, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered

by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Actuarial Society of India in concurrence with the IRDAI. In respect of reinsurance accepted from DR Pool, IBNR / IBNER has been recognised based on estimates received from DR Pool.

- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
10. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 5.2.20 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any outstanding long term derivative contracts – Refer Note no. 5.2.21 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note no. 5.2.22 to the financial statements.

11. Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:

- a) We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2016 and there are no apparent mistakes or material inconsistencies with the financial statements; and
- b) Based on the information and explanations received during the course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of the registration as stipulated by the IRDAI.

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No.
105049W

Narendra Jain
Partner
Membership No. 048725

Mumbai, April 19, 2016

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

SN Chaturvedi
Partner
Membership No. 040479

ANNEXURE 'A'

TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ICICI Lombard General Insurance Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

Other Matter

The Actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2016, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company as per the Regulations and has been relied upon by us as mentioned in para 9(h) of our Audit Report on the financial statements for the year ended March 31, 2016. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Registration No.
105049W

Narendra Jain

Partner
Membership No. 048725

Mumbai, April 19, 2016

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

SN Chaturvedi

Partner
Membership No. 040479

INDEPENDENT AUDITORS' CERTIFICATE

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books and records maintained by ICICI Lombard General Insurance Company Limited ('the Company') for the year ended March 31, 2016, we certify that:

- We have verified the cash balances maintained by the Company. As regards the securities relating to the Company's investments, the same have been verified with the dematerialised statement / confirmations received from the custodian;
- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 and Insurance Laws (Amendment) Act, 2015 (to the extent notified) relating to the application and investment of the policyholders' funds.

This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Presentation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

For **Khandelwal Jain & Co.**

Chartered Accountants

Firm Registration No. 105049W

Narendra Jain

Partner

Membership No. 048725

Mumbai, April 19, 2016

For **Chaturvedi & Co.**

Chartered Accountants

Firm Registration No. 302137E

SN Chaturvedi

Partner

Membership No. 040479

BALANCE SHEET

AT MARCH 31, 2016

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	At March 31, 2016	At March 31, 2015
Sources of funds			
Share capital	5	4,475,384	4,465,940
Reserves and Surplus	6	27,281,080	23,767,351
Share application money-pending allotment		-	1,986
Fair value change account		3,090,130	3,559,494
Borrowings	7	-	-
Total		34,846,594	31,794,771
Application of funds			
Investments	8	115,625,186	101,997,176
Loans	9	-	-
Fixed assets	10	3,831,368	3,896,625
Deferred tax asset (Refer note 5.2.16)		1,341,914	1,079,992
Current assets			
Cash and bank balances	11	1,948,029	1,416,861
Advances and other assets	12	34,011,547	28,346,497
Sub-Total (A)		35,959,576	29,763,358
Current liabilities	13	90,753,688	79,884,545
Provisions	14	31,157,762	25,057,835
Sub-Total (B)		121,911,450	104,942,380
Net current assets (C) = (A - B)		(85,951,874)	(75,179,022)
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in profit and loss account		-	-
Total		34,846,594	31,794,771
Significant accounting policies and notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No:105049W

For **Chaturvedi & Co.**
Chartered Accountants
Firm Regn No: 302137E

Chanda Kochhar
Chairperson

S. Mukherji
Director

Narendra Jain
Partner
Membership No:048725

SN Chaturvedi
Partner
Membership No: 040479

Dileep Choksi
Director

Bhargav Dasgupta
Managing Director & CEO

Alok Kumar Agarwal
Executive Director

Sanjeev Mantri
Executive Director

Mumbai, April 19, 2016

Gopal Balachandran
Chief Financial Officer

Vikas Mehra
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	Year ended March 31, 2016	Year ended March 31, 2015
1. Operating profit/(loss)			
(a) Fire Insurance		976,555	387,540
(b) Marine Insurance		(529,974)	(396,394)
(c) Miscellaneous Insurance		4,355,608	5,664,326
2. Income from investments			
(a) Interest, Dividend & Rent – Gross		1,602,584	1,431,530
(b) Profit on sale/redemption of investments		694,553	412,104
Less : Loss on sale/redemption of investments		(22,578)	(63,507)
3. Other income			
(a) Interest income on tax refund		138,869	17,841
(b) Profit on sale/discard of fixed assets		5,277	2,138
(c) Recovery of bad debts written off		-	1,037
Total (A)		7,220,894	7,456,615
4. Provisions (Other than taxation)			
(a) For diminution in the value of investments		-	141,585
(b) For doubtful debts		(6,796)	216,288
(c) For future recoverable under reinsurance contracts		(35,436)	10,773
(d) Others		-	-
5. Other expenses			
(a) Expenses other than those related to Insurance Business			
(i) Employees' remuneration and other expenses		15,494	14,365
(ii) Managerial remuneration		66,929	81,765
(iii) Directors' fees		1,920	1,940
(iv) CSR Expenditure (Refer note 5.2.18)		97,117	27,756
(b) Bad debts written off		2,014	25,137
(c) Loss on sale/discard of fixed assets		1,724	24,785
(d) Penalty (Refer note 5.1.14)		1,000	5,000
Total (B)		143,966	549,394
Profit before tax		7,076,928	6,907,221
Provision for taxation:			
(a) Current tax		2,264,383	2,217,172
(b) Deferred tax (Income) / Expense (Refer note 5.2.16)		(261,922)	(666,096)
Profit after tax		5,074,467	5,356,145
Appropriations			
(a) Interim dividends paid during the year		1,341,696	891,225
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		273,138	164,839
(d) Transfer to General Reserves		-	1,056,064
Balance of Profit / (Loss) brought forward from last year		8,484,640	4,184,559
Balance carried forward to Balance sheet		11,944,273	8,484,640
Basic earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 11.35	₹ 12.03
Diluted earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 11.27	₹ 11.93
Significant accounting policies & notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No:105049W

For **Chaturvedi & Co.**
Chartered Accountants
Firm Regn No: 302137E

Chanda Kochhar
Chairperson

S. Mukherji
Director

Narendra Jain
Partner
Membership No:048725

SN Chaturvedi
Partner
Membership No: 040479

Dileep Choksi
Director

Bhargav Dasgupta
Managing Director & CEO

Alok Kumar Agarwal
Executive Director

Sanjeev Mantri
Executive Director

Mumbai, April 19, 2016

Gopal Balachandran
Chief Financial Officer

Vikas Mehra
Company Secretary

REVENUE ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

Registration No. 115 dated August 3, 2001

Particulars	Schedule	Fire	
		2015-16	2014-15
1. Premiums earned (net)	1	995,012	1,088,513
2. Profit on sale/redemption of investments		84,779	61,212
Less : Loss on sale/redemption of investments		(2,815)	(8,054)
3. Others -			
Foreign exchange gain / (loss)		(3,416)	(1,059)
Investment income from pool (Terrorism)		205,183	176,736
Miscellaneous Income		444	456
4. Interest, Dividend & Rent – Gross (Refer note 5.2.5)		199,822	181,536
Total (A)		1,479,009	1,499,340
1. Claims Incurred (net)	2	633,010	1,023,548
2. Commission (net)	3	(490,877)	(288,312)
3. Operating expenses related to insurance business	4	360,321	376,564
4. Premium deficiency		-	-
Total (B)		502,454	1,111,800
Operating Profit / (Loss) C = (A - B)		976,555	387,540
APPROPRIATIONS			
Transfer to Shareholders' Account		976,555	387,540
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		976,555	387,540
Significant accounting policies and notes to accounts	16		

We certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly, have been fully recognised in the Revenue Accounts as an expense.

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For **Khandelwal Jain & Co.**

Chartered Accountants
Firm Regn No:105049W

Narendra Jain

Partner
Membership No:048725

For **Chaturvedi & Co.**

Chartered Accountants
Firm Regn No: 302137E

SN Chaturvedi

Partner
Membership No: 040479

Mumbai, April 19, 2016

(₹ in 000's)

Marine		Miscellaneous		Total	
2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1,849,297	1,601,131	45,371,864	39,663,704	48,216,173	42,353,348
68,044	45,094	2,645,174	1,914,587	2,797,997	2,020,893
(2,259)	(5,933)	(87,835)	(251,901)	(92,909)	(265,888)
(8,523)	(2,051)	(6,633)	(5,831)	(18,572)	(8,941)
-	-	36,869	41,482	242,052	218,218
785	632	175,890	16,751	177,119	17,839
160,379	133,736	6,234,580	5,571,473	6,594,781	5,886,745
2,067,723	1,772,609	54,369,909	46,950,265	57,916,641	50,222,214
1,803,253	1,579,920	36,845,879	31,830,900	39,282,142	34,434,368
210,581	100,264	(2,999,436)	(3,550,165)	(3,279,732)	(3,738,213)
583,863	488,819	16,167,858	13,005,204	17,112,042	13,870,587
-	-	-	-	-	-
2,597,697	2,169,003	50,014,301	41,285,939	53,114,452	44,566,742
(529,974)	(396,394)	4,355,608	5,664,326	4,802,189	5,655,472
(529,974)	(396,394)	4,355,608	5,664,326	4,802,189	5,655,472
-	-	-	-	-	-
-	-	-	-	-	-
(529,974)	(396,394)	4,355,608	5,664,326	4,802,189	5,655,472

For and on behalf of the Board

Chanda Kochhar

Chairperson

Dileep Choksi

Director

Alok Kumar Agarwal

Executive Director

Gopal Balachandran

Chief Financial Officer

S. Mukherji

Director

Bhargav Dasgupta

Managing Director & CEO

Sanjeev Mantri

Executive Director

Vikas Mehra

Company Secretary

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 1

Premium Earned (net)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Premium from direct business written-net of service tax	6,327,029	2,304,300	693,726	2,998,026	25,230,855	16,267,246	41,498,101
Add: Premium on reinsurance accepted	731,608	176,037	71,988	248,025	23,889	(114,737)	(90,848)
Less: Premium on reinsurance ceded	6,000,176	694,709	682,580	1,377,289	6,353,608	917,741	7,271,349
Net Premium	1,058,461	1,785,628	83,134	1,868,762	18,901,136	15,234,768	34,135,904
Adjustment for change in reserve for unexpired risks	63,449	2,592	16,873	19,465	2,839,469	1,706,235	4,545,704
Total Premium earned (net)	995,012	1,783,036	66,261	1,849,297	16,061,667	13,528,533	29,590,200

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
Premium from direct business written-net of service tax	5,447,351	1,943,601	520,700	2,464,301	21,318,777	12,839,309	34,158,086
Add: Premium on reinsurance accepted	1,016,538	145,794	45,448	191,242	13,169	227,494	240,663
Less: Premium on reinsurance ceded	5,331,296	557,436	529,345	1,086,781	7,449,394	769,688	8,219,082
Net Premium	1,132,593	1,531,959	36,803	1,568,762	13,882,552	12,297,115	26,179,667
Adjustment for change in reserve for unexpired risks	44,080	(19,406)	(12,963)	(32,369)	(675,066)	1,887,459	1,212,393
Total Premium earned (net)	1,088,513	1,551,365	49,766	1,601,131	14,557,618	10,409,656	24,967,274

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total - Miscellaneous	
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
414,202	117,129	1,983,358	517,273	2,785,635	13,842,739	324,674	10,098,905	71,582,016	80,907,071
-	3,200	256,910	487,470	5,715	333,959	-	76,812	1,073,218	2,052,851
30,928	79,615	1,619,149	561,513	689,560	4,473,910	300,551	6,206,963	21,233,538	28,611,003
383,274	40,714	621,119	443,230	2,101,790	9,702,788	24,123	3,968,754	51,421,696	54,348,919
18,425	2,519	38,321	(54,918)	705,052	353,569	(79)	441,239	6,049,832	6,132,746
364,849	38,195	582,798	498,148	1,396,738	9,349,219	24,202	3,527,515	45,371,864	48,216,173

(₹ in 000's)

Miscellaneous									Total
Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others	Total - Miscellaneous	
2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
371,241	138,288	1,711,910	494,383	2,326,667	13,178,238	272,379	6,215,112	58,866,304	66,777,956
-	10,118	301,435	489,391	4,080	307,939	-	28,070	1,381,696	2,589,476
27,746	82,785	1,472,605	599,449	665,548	3,938,365	253,233	3,413,688	18,672,501	25,090,578
343,495	65,621	540,740	384,325	1,665,199	9,547,812	19,146	2,829,494	41,575,499	44,276,854
(3,023)	10,942	(16,905)	(2,062)	522,893	79,108	(599)	109,048	1,911,795	1,923,506
346,518	54,679	557,645	386,387	1,142,306	9,468,704	19,745	2,720,446	39,663,704	42,353,348

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 2

Claims Incurred (net)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Claims paid- Direct	3,231,181	1,820,994	470,042	2,291,036	14,963,195	7,351,567	22,314,762
Add: Re-insurance accepted	843,784	121,281	(121)	121,160	-	(65,653)	(65,653)
Less: Re-insurance ceded	3,362,984	582,474	441,873	1,024,347	4,936,128	3,781,366	8,717,494
Net Claims paid	711,981	1,359,801	28,048	1,387,849	10,027,067	3,504,548	13,531,615
Add: Claims outstanding at the end of the year	1,701,868	1,393,897	183,882	1,577,779	4,374,902	36,360,453	40,735,355
Less: Claims outstanding at the beginning of the year	1,780,839	1,030,435	131,940	1,162,375	3,863,042	26,649,287	30,512,329
Total Claims incurred	633,010	1,723,263	79,990	1,803,253	10,538,927	13,215,714	23,754,641

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
Claims paid- Direct	1,704,486	1,796,361	159,746	1,956,107	12,319,801	6,059,986	18,379,787
Add: Re-insurance accepted	516,997	51,540	139	51,679	1,048	15,017,268	15,018,316
Less: Re-insurance ceded	1,584,514	528,807	154,401	683,208	3,543,486	3,644,736	7,188,222
Net Claims paid	636,969	1,319,094	5,484	1,324,578	8,777,363	17,432,518	26,209,881
Add: Claims outstanding at the end of the year	1,780,839	1,030,435	131,940	1,162,375	3,863,042	26,649,287	30,512,329
Less: Claims outstanding at the beginning of the year	1,394,260	808,459	98,574	907,033	3,648,181	33,068,023	36,716,204
Total Claims incurred	1,023,548	1,541,070	38,850	1,579,920	8,992,224	11,013,782	20,006,006

(₹ in 000's)

Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Miscellaneous				Total - Miscellaneous	Total
				Personal Accident	Health Insurance	Credit Insurance	Others		
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	
124,372	5,042	1,032,035	40,702	589,878	8,231,334	83,594	10,769,993	43,191,712	48,713,929
-	-	26,526	431,213	2,643	276,118	-	463,790	1,134,637	2,099,581
7,260	1,321	814,053	115,022	144,654	822,798	78,836	8,193,043	18,894,481	23,281,812
117,112	3,721	244,508	356,893	447,867	7,684,654	4,758	3,040,740	25,431,868	27,531,698
382,678	106,769	802,682	596,151	1,851,154	3,441,735	33,779	2,099,495	50,049,798	53,329,445
338,022	58,977	642,649	372,347	1,400,624	3,203,621	26,409	2,080,809	38,635,787	41,579,001
161,768	51,513	404,541	580,697	898,397	7,922,768	12,128	3,059,426	36,845,879	39,282,142

(₹ in 000's)

Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Miscellaneous				Total - Miscellaneous	Total
				Personal Accident	Health Insurance	Credit Insurance	Others		
2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	
123,783	14,264	958,434	47,672	632,960	10,096,579	83,971	6,387,706	36,725,156	40,385,749
-	-	21,519	648,983	11,405	289,522	-	1,356	15,991,101	16,559,777
8,984	3,290	663,049	411,317	175,818	1,750,325	77,560	3,809,908	14,088,473	16,356,195
114,799	10,974	316,904	285,338	468,547	8,635,776	6,411	2,579,154	38,627,784	40,589,331
338,022	58,977	642,649	372,347	1,400,624	3,203,621	26,409	2,080,809	38,635,787	41,579,001
300,246	27,497	525,636	313,047	959,012	3,477,576	23,067	3,090,386	45,432,671	47,733,964
152,575	42,454	433,917	344,638	910,159	8,361,821	9,753	1,569,577	31,830,900	34,434,368

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 3

Commission

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2015-16	2015-16	2015-16	2015-16			
Commission paid - Direct	202,099	188,974	11,089	200,063	1,186,433	-	1,186,433
Add: Commission on re-insurance accepted	76,343	28,648	19,883	48,531	24	-	24
Less: Commission on re-insurance ceded	769,319	25,239	12,774	38,013	1,680,287	88,747	1,769,034
Net Commission	(490,877)	192,383	18,198	210,581	(493,830)	(88,747)	(582,577)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total			
	2014-15	2014-15	2014-15	2014-15			
Commission paid - Direct	156,237	151,242	4,688	155,930	993,947	-	993,947
Add: Commission on re-insurance Accepted	123,093	30,473	13,901	44,374	-	-	-
Less: Commission on re-Insurance Ceded	567,642	29,298	70,742	100,040	2,270,477	46,745	2,317,222
Net Commission	(288,312)	152,417	(52,153)	100,264	(1,276,530)	(46,745)	(1,323,275)

Schedule - 3A

Commission Paid - Direct

(₹ in 000's)

	2015-16	2014-15
Agents	843,917	754,503
Brokers	1,615,282	1,226,942
Corporate agency	1,033,577	1,006,086
Referral	-	-
Total	3,492,776	2,987,531

(₹ in 000's)

Workmen's Compensation	Public/ Product Liability	Miscellaneous							Total - Miscellaneous	Total
		Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others			
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	
36,853	11,356	98,925	9,858	289,000	1,134,987	24,548	298,654	3,090,614	3,492,776	
-	699	50,589	80,785	57	36,832	-	14,393	183,379	308,253	
3,107	2,526	313,191	8,864	469,981	3,082,658	45,592	578,476	6,273,429	7,080,761	
33,746	9,529	(163,677)	81,779	(180,924)	(1,910,839)	(21,044)	(265,429)	(2,999,436)	(3,279,732)	

(₹ in 000's)

Workmen's Compensation	Public/ Product Liability	Miscellaneous							Total - Miscellaneous	Total
		Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others			
2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	
31,712	10,452	77,233	9,676	236,183	1,043,535	17,673	254,953	2,675,364	2,987,531	
-	538	38,012	92,513	41	13,178	-	5,975	150,257	317,724	
5,829	9,130	331,730	6,119	474,915	2,810,761	42,373	377,707	6,375,786	7,043,468	
25,883	1,860	(216,485)	96,070	(238,691)	(1,754,048)	(24,700)	(116,779)	(3,550,165)	(3,738,213)	

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 4

Operating expenses related to insurance business

Particulars	Fire		Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total				
	2015-16	2015-16	2015-16	2015-16	2015-16			
Employees' remuneration & welfare benefits	70,099	118,257	5,506	123,763	1,251,764	1,008,952	2,260,716	
Travel, conveyance and vehicle running expenses	5,917	9,982	465	10,447	105,664	85,168	190,832	
Training expenses	854	1,441	67	1,508	15,253	12,294	27,547	
Rents, rates & taxes*	12,476	21,047	980	22,027	222,788	179,573	402,361	
Repairs & maintenance	5,937	10,016	466	10,482	106,026	85,459	191,485	
Printing & stationery	1,730	2,919	136	3,055	30,901	24,907	55,808	
Communication	7,763	13,097	610	13,707	138,629	111,739	250,368	
Legal & professional charges	38,863	15,585	726	16,311	164,968	132,968	297,936	
Auditors' fees, expenses etc								
(a) as auditor	294	496	23	519	5,254	4,235	9,489	
(b) as adviser or in any other capacity, in respect of								
(i) Taxation matters	-	-	-	-	-	-	-	
(ii) Insurance matters	-	-	-	-	-	-	-	
(iii) Management services; and	-	-	-	-	-	-	-	
(c) in any other capacity	19	32	1	33	339	273	612	
Advertisement and publicity	21,543	36,342	1,692	38,034	384,690	310,069	694,759	
Interest & Bank charges	2,823	4,763	222	4,985	50,414	40,634	91,048	
Others								
(a) Business support services	123,743	208,755	9,719	218,474	2,209,707	1,781,076	3,990,783	
(b) Sales promotion	55,953	94,394	4,395	98,789	999,172	805,356	1,804,528	
(c) Miscellaneous expenses	1,298	2,190	102	2,292	22,138	17,843	39,981	
Depreciation	11,009	18,572	865	19,437	196,588	158,455	355,043	
Service tax on premium account	-	-	-	-	-	-	-	
Total	360,321	557,888	25,975	583,863	5,904,295	4,759,001	10,663,296	

*Rent expense is net off rental income of ₹ 26,489 thousand (previous year: ₹ 24,421 thousand)

Particulars	Fire		Marine			Motor-OD	Motor-TP	Motor- Total
		Marine- Cargo	Marine- Others	Marine- Total				
	2014-15	2014-15	2014-15	2014-15	2014-15			
Employees' remuneration & welfare benefits	82,263	111,270	2,673	113,943	1,008,320	893,167	1,901,487	
Travel, conveyance and vehicle running expenses	8,796	11,898	286	12,184	107,821	95,507	203,328	
Training expenses	1,200	1,623	39	1,662	14,705	13,025	27,730	
Rents, rates & taxes*	14,293	19,333	464	19,797	175,197	155,189	330,386	
Repairs & Maintenance	8,124	10,989	264	11,253	99,584	88,212	187,796	
Printing & stationery	2,643	3,575	86	3,661	32,393	28,693	61,086	
Communication	10,969	14,837	356	15,193	134,455	119,099	253,554	
Legal & professional charges	41,441	24,060	578	24,638	218,035	193,134	411,169	
Auditors' fees, expenses etc								
(a) as auditor	249	337	8	345	3,053	2,705	5,758	
(b) as adviser or in any other capacity, in respect of								
(i) Taxation matters	-	-	-	-	-	-	-	
(ii) Insurance matters	-	-	-	-	-	-	-	
(iii) Management services; and	-	-	-	-	-	-	-	
(c) in any other capacity	41	56	1	57	506	449	955	
Advertisement and publicity	24,382	32,979	792	33,771	298,858	264,727	563,585	
Interest & Bank Charges	3,195	4,321	104	4,425	39,157	34,685	73,842	
Others								
(a) Business support services	114,762	155,228	3,729	158,957	1,406,668	1,246,022	2,652,690	
(b) Sales promotion	49,435	66,867	1,606	68,473	605,945	536,743	1,142,688	
(c) Miscellaneous expenses	1,044	1,412	34	1,446	12,026	10,653	22,679	
Depreciation	13,727	18,568	446	19,014	168,259	149,044	317,303	
Service tax on premium account	-	-	-	-	-	-	-	
Total	376,564	477,353	11,466	488,819	4,324,982	3,831,054	8,156,036	

*Rent expense is net off rental income of ₹ 24,421 thousand (previous year: ₹ 23,663 thousand)

(₹ in 000's)

Workmen's Compensation	Public/Product Liability	Miscellaneous						Total - Miscellaneous	Total
		Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others		
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	
25,383	2,696	41,135	29,354	139,195	642,586	1,598	262,838	3,405,501	3,599,363
2,143	228	3,472	2,478	11,750	54,242	135	22,187	287,467	303,831
309	33	501	358	1,696	7,830	19	3,203	41,496	43,858
4,518	480	7,321	5,224	24,774	114,367	284	46,780	606,109	640,612
2,150	228	3,484	2,486	11,790	54,428	135	22,263	288,449	304,868
627	67	1,015	725	3,436	15,863	39	6,488	84,068	88,853
2,811	299	4,556	3,251	15,415	71,165	177	29,109	377,151	398,621
3,345	355	5,421	3,868	18,344	84,685	211	138,556	552,721	607,895
107	11	173	123	584	2,697	7	1,103	14,294	15,107
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7	1	11	8	38	174	-	71	922	974
7,801	829	12,641	9,021	42,777	197,478	491	80,775	1,046,572	1,106,149
1,022	109	1,657	1,182	5,606	25,879	64	10,586	137,153	144,961
44,808	4,760	72,614	51,817	245,717	1,134,340	2,820	463,982	6,011,641	6,353,858
20,261	2,152	32,834	23,430	111,107	512,919	1,275	209,800	2,718,306	2,873,048
470	51	762	543	2,577	11,898	30	4,867	61,179	64,769
3,986	423	6,460	4,610	21,860	100,917	251	41,279	534,829	565,275
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
119,748	12,722	194,057	138,478	656,666	3,031,468	7,536	1,343,887	16,167,858	17,112,042

(₹ in 000's)

Workmen's Compensation	Public/Product Liability	Miscellaneous						Total - Miscellaneous	Total
		Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Others		
2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	
24,949	4,766	39,275	27,914	120,947	693,479	1,391	205,511	3,019,719	3,215,925
2,668	510	4,200	2,985	12,933	74,155	149	21,976	322,904	343,884
364	70	573	407	1,764	10,113	20	2,999	44,040	46,902
4,335	828	6,824	4,850	21,015	120,493	242	35,709	524,682	558,772
2,464	471	3,879	2,757	11,945	68,490	137	20,296	298,235	317,612
801	153	1,262	897	3,885	22,278	45	6,602	97,009	103,313
3,327	636	5,237	3,722	16,128	92,472	185	27,404	402,665	428,827
5,395	1,031	8,493	6,036	26,153	149,955	301	96,318	704,851	770,930
76	14	119	85	366	2,100	4	622	9,144	9,738
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
13	2	20	14	61	348	1	103	1,517	1,615
7,395	1,413	11,641	8,274	35,848	205,541	412	60,911	895,020	953,173
969	185	1,525	1,084	4,697	26,930	54	7,982	117,268	124,888
34,805	6,649	54,791	38,942	168,729	967,445	1,940	286,702	4,212,693	4,486,412
14,933	2,864	23,602	16,775	72,682	416,742	836	123,501	1,814,683	1,932,591
317	60	498	354	1,535	8,802	18	2,608	36,871	39,361
4,163	795	6,554	4,658	20,183	115,722	232	34,293	503,903	536,644
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
107,034	20,447	168,493	119,754	518,871	2,975,065	5,967	933,537	13,005,204	13,870,587

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 5

Share Capital

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Authorised Capital		
475,000,000 (previous year : 475,000,000) Equity Shares of ₹ 10 each	4,750,000	4,750,000
Issued Capital		
447,538,446 (previous year : 446,594,032) Equity Shares of ₹ 10 each	4,475,384	4,465,940
Subscribed Capital		
447,538,446 (previous year : 446,594,032) Equity Shares of ₹ 10 each	4,475,384	4,465,940
Called up Capital		
447,538,446 (previous year : 446,594,032) Equity Shares of ₹ 10 each	4,475,384	4,465,940
Less : Calls unpaid		
Add : Equity Shares forfeited (Amount originally paid up)	-	-
Less : Par value of Equity Shares bought back	-	-
Less : (i) Preliminary Expenses to the extent not written off	-	-
(ii) Expenses including commission or brokerage on underwriting or subscription of shares	-	-
Total	4,475,384	4,465,940

Note: Of the above, 285,605,284 shares are held by the holding company, ICICI Bank Limited (previous year: 325,883,744 shares)

Schedule - 5A

Share Capital

Pattern of shareholding

[As certified by the management]

Shareholder	At March 31, 2016		At March 31, 2015	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	285,605,284	63.82%	325,883,744	72.97%
- Foreign	154,777,462	34.58%	114,499,002	25.64%
Others-(Employees/others)	7,155,700	1.60%	6,211,286	1.39%
Total	447,538,446	100.00%	446,594,032	100.00%

Schedule - 6**Reserves and Surplus**

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium (refer note 4.16)		
Opening balance	14,949,069	14,842,165
Additions during the period	54,096	106,904
Deductions during the period- share issue expenses	-	-
Closing balance	15,003,165	14,949,069
4. General Reserves		
Opening balance	333,642	333,642
Additions during the period	-	-
Deductions during the period	-	-
Closing balance	333,642	333,642
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
7. Balance of Profit in Profit and Loss Account	11,944,273	8,484,640
TOTAL	27,281,080	23,767,351

Schedule - 7**Borrowings**

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Debentures/ Bonds	-	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
Total	-	-

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 8

Investments

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Long term investments		
Government securities and Government guaranteed bonds including Treasury Bills	46,091,685	38,183,566
Other Approved Securities	-	-
Other Investments		
(a) Shares		
(aa) Equity (note 4 below)	15,172,500	10,391,422
(bb) Preference	56,602	53,970
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	22,573,238	16,795,957
(e) Other Securities (note 5 below)	-	1,470,000
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate (note 8 below)	1,367,513	1,390,844
Investments in Infrastructure and Social Sector	16,731,754	21,211,396
Other than Approved Investments	1,223,397	377,661
Total Long Term Investments	103,216,689	89,874,816
Short term investments		
Government securities and Government guaranteed bonds including Treasury Bills	-	-
Other Approved Securities (note 7 below)	-	424,129
Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	1,800,000	750,090
(e) Other Securities (note 6 below)	7,117,518	7,728,771
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
Investments in Infrastructure and Social Sector	248,314	1,662,127
Other than Approved Investments (note 3 below)	3,242,665	1,557,243
Total Short Term Investments	12,408,497	12,122,360
Total Investments	115,625,186	101,997,176

Notes:

- Aggregate book value of investments (other than listed equities) is ₹ 100,138,012 thousand (previous year: ₹ 91,510,895 thousand).
- Aggregate market value of investments (other than listed equities) is ₹ 101,686,774 thousand (previous year: ₹ 98,925,088 thousand).
- Includes investment in mutual fund amounting to ₹ 2,742,665 thousand (previous year: ₹ 957,972 thousand).

4. Includes investments qualifying for infrastructure and social sector investments of ₹ 2,050,638 thousand (previous year: ₹ 1,995,187 thousand).
5. Long term other securities includes fixed deposit amounting to ₹ NIL thousand (previous year: Fixed deposits of ₹ 1,470,000 thousand).
6. Short term other securities includes Certificate of deposits amounting to ₹ 4,237,682 thousand, Fixed deposits amounting to ₹ 1,470,000 thousand and Commercial Paper amounting to ₹ 1,409,836 thousand (previous year: Certificate of deposits amounting to ₹ 5,841,809 thousand, Fixed deposits amounting to ₹ 500,000 thousand and Commercial Paper amounting to ₹ 1,386,962 thousand).
7. Short term "Other approved securities" consists of investment in reverse repo amounting to ₹ NIL (previous year: ₹ 424,129 thousand).
8. Investment Properties-Real Estate is shown at cost less accumulated depreciation of ₹ 32,358 thousand (previous year: ₹ 9,027 thousand). The fair value is ₹ 1,758,796 thousand (previous year: ₹ 1,399,872 thousand) which is based on a valuation report.

Schedule - 9

Loans

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Security wise classification		
Secured		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
Total	-	-
Borrower wise classification		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
Total	-	-
Performance wise classification		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
Total	-	-
Maturity wise classification		
(a) Short Term	-	-
(b) Long Term	-	-
Total	-	-

Note: There are no loans subject to restructuring (previous year: ₹ Nil).

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 10

Fixed Assets

Particulars	Cost/ Gross Block			March 31, 2016
	April 01, 2015	Additions	Deductions	
Goodwill	-	-	-	-
Intangibles - Computer Software *	2,547,879	312,310	-	2,860,189
Land-Freehold	2,411,770	-	-	2,411,770
Leasehold Property	-	-	-	-
Buildings	237,611	-	-	237,611
Furniture & Fittings	687,923	46,003	18,590	715,336
Information Technology Equipment	539,439	59,642	97,117	501,964
Vehicles	3,293	-	-	3,293
Office Equipment	362,078	46,572	7,665	400,985
Others	-	-	-	-
Total	6,789,993	464,527	123,372	7,131,148
Work in Progress				
Grand total	6,789,993	464,527	123,372	7,131,148
Previous year (refer note no. 4.10)	6,216,641	614,211	40,859	6,789,993

*Deductions from gross block includes grant received ₹ NIL (previous year: ₹ 2,255 thousand) and adjustments in depreciation includes accumulated depreciation thereon ₹ NIL (previous year: ₹ 1,274 thousand) (refer note no. 5.2.8).

Schedule - 11

Cash and Bank Balances

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Cash (including cheques, drafts and stamps)	236,282	326,202
Balances with scheduled banks :		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)*	420,242	590,230
(bb) Others	-	-
(b) Current Accounts	1,291,505	500,429
(c) Others	-	-
Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other institutions	-	-
Others	-	-
Total	1,948,029	1,416,861

*Other than Fixed Deposits forming part of Investment assets which is reflected under Schedule 8 - Investments.

(₹ in 000's)

April 01, 2015	Depreciation			Net Block	
	For the year ended	On Sales/ Adjustments	March 31, 2016	March 31, 2016	March 31, 2015
-	-	-	-	-	-
1,799,808	363,673	-	2,163,481	696,708	748,071
-	-	-	-	2,411,770	2,411,770
-	-	-	-	-	-
18,446	3,966	-	22,412	215,199	219,165
529,586	50,121	18,065	561,642	153,694	158,337
408,971	85,323	96,944	397,350	104,614	130,468
2,966	327	-	3,293	-	327
220,201	38,611	6,123	252,689	148,296	141,877
-	-	-	-	-	-
2,979,978	542,021	121,132	3,400,867	3,730,281	3,810,015
				101,087	86,610
2,979,978	542,021	121,132	3,400,867	3,831,368	3,896,625
2,487,128	527,624	34,774	2,979,978	3,896,625	

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

Schedule - 12

Advances and Other Assets

(₹ in 000's)

Particulars	At March 31, 2016		At March 31, 2015	
Advances				
Reserve deposits with ceding companies		1,472		48,867
Application money for investments		-		-
Prepayments		86,817		127,976
Advances to Directors / Officers		-		-
Advance tax paid and taxes deducted at source (net of provision for tax)		1,670,279		1,414,395
MAT credit entitlement		-		708,584
Others				
- Sundry Deposits	350,085		367,877	
- Provision for doubtful debts	(6,165)		(6,165)	
- Surplus in Gratuity fund	3,879		-	
- Advance for Investment in property	-		-	
- Advance to Employees against expenses	193	347,992	258	361,970
Total (A)		2,106,560		2,661,792
Other Assets				
Income accrued on investments/deposits		2,470,411		2,461,523
Outstanding Premiums	5,330,831		4,226,483	
Less : Provisions for doubtful debts	69,625	5,261,206	53,299	4,173,184
Agents' Balances		-		-
Foreign Agencies' Balances		-		-
Due from other Entities carrying on Insurance business (net) (including reinsurers)	24,936,397		19,934,819	
Less : Provisions for doubtful debts	1,095,211	23,841,186	1,118,333	18,816,486
Due from subsidiaries / holding company		-		-
Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]		-		-
Others				
- Service Tax unutilised credit	63,152		132,890	
- Service Tax paid in advance	91,537		60,274	
- Unsettled investment contract receivable	-		-	
- Margin deposit	40,000		40,000	
- Salvage stock	137,112		-	
- Sundry receivable	383	332,184	348	233,512
Total (B)		31,904,987		25,684,705
Total (A+B)		34,011,547		28,346,497

Schedule - 13**Current Liabilities**

(₹ in 000's)

Particulars	At March 31, 2016		At March 31, 2015	
Agents' Balances		76,714		72,085
Balances due to other insurance companies (net)		2,203,311		2,083,665
Deposits held on re-insurance ceded		2,229,952		2,788,889
Premiums received in advance		709,536		1,010,614
Unallocated Premium		2,914,249		2,083,648
Sundry Creditors		2,493,465		2,257,967
Due to subsidiaries/ holding company		53,065		52,601
Claims Outstanding (gross)		75,407,234		65,623,094
Due to Officers/ Directors		-		-
Others:				
- Statutory Dues	261,923		202,089	
- Salary Payable	21,617		19,500	
- Collections - Environment Relief fund (refer note no. 5.2.9)	96		131	
- Unclaimed amount of policyholders	1,231,496		1,151,153	
- Book Overdraft	2,510,112		1,917,935	
- Employee rewards	539,277		593,183	
- Deposits	33,285		27,954	
- Interim dividends payable	25		37	
- Dividend distribution tax on interim dividend	68,331		-	
- Service Tax Liability	-	4,666,162	-	3,911,982
Total		90,753,688		79,884,545

Schedule - 14**Provisions**

(₹ in 000's)

Particulars	At March 31, 2016		At March 31, 2015	
Reserve for unexpired risk		30,735,580		24,602,834
Reserve for premium deficiency		-		-
For taxation (less advance tax paid and taxes deducted at source)		-		-
For proposed dividends		-		-
For dividend distribution tax		-		-
Others				
- Gratuity	-		1,502	
- Long term performance pay	252,162		258,029	
- Accrued leave	81,818		71,832	
- For future recoverable under reinsurance contracts	88,202	422,182	123,638	455,001
Total		31,157,762		25,057,835

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Schedule - 15

Miscellaneous expenditure

(To the extent not written off or adjusted)

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Discount allowed on issue of shares/ debentures	-	-
Others	-	-
Total	-	-

Schedule - 16

Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2016

1 Background

ICICI Lombard General Insurance Company Limited ('the Company') was incorporated on October 30, 2000 and is a joint venture between ICICI Bank Limited and Fairfax Financial Holdings Limited. The Company obtained Regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration.

2 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, unless otherwise specifically stated, on the accrual basis of accounting, and comply with the applicable accounting standards referred to in section 133 of the Companies Act, 2013, and in accordance with the provisions of the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the IRDAI in this behalf, the provisions of the Companies Act, 2013 (to the extent applicable) in the manner so required and current practices prevailing within the insurance industry in India.

3 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amounts of revenues and expenses for the year ended and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

4 Significant accounting policies

4.1 Revenue recognition

Premium income

Premium including reinsurance accepted is recorded for the policy period at the commencement of risk and for installment cases, it is recorded on installment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Premium earned including reinstatement premium and reinsurance accepted is recognised as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis net of service tax. Any subsequent revisions to premium as and when they occur are recognised over the remaining period of risk or contract period, as applicable.

Adjustments to premium income arising on cancellation of policies are recognised in the period in which it is cancelled.

Income from reinsurance ceded

Commission on reinsurance ceded is recognised as income in the period of ceding the risk.

Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

Income earned on investments

Interest/rental income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities and non convertible preference shares is recognised over the holding/maturity period on a constant yield basis.

Dividend income is recognised when the right to receive dividend is established. Dividend income in respect of listed equity shares is recognised on ex-dividend date.

Realised gain/loss on securities, which is the difference between the sale consideration and the carrying value in the books of the Company, is recognised on the trade date. In determining the realised gain/loss, cost of securities is arrived at on 'Weighted average cost' basis. Further, in case of listed equity shares and mutual fund units the profit or loss on sale also includes the accumulated changes in the fair value previously recognised in the fair value change account.

Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale.

4.2 Premium received in advance

This represents premium received during the period, where the risk commences subsequent to the balance sheet date.

4.3 Reinsurance premium

Insurance premium on ceding of the risk is recognised in the period in which the risk commences in accordance with reinsurance arrangements with the reinsurers. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which they are cancelled.

4.4 Reserve for unexpired risk

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis subject to a minimum of 50% of the aggregate premium, written on policies during the twelve months preceding the balance sheet date for fire, marine cargo and miscellaneous business and 100% for marine hull business, on all unexpired policies at balance sheet date.

SCHEDULES

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4.5 Claims

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on internal management estimates or on estimates from surveyors/insured in the respective revenue account(s).

Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation. Salvaged stock is recognised at estimated net realisable value based on independent valuer's report.

Estimated liability for outstanding claims is determined by the management on the basis of ultimate amounts likely to be paid on each claim based on the past experience and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates are progressively revalidated on availability of further information.

IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported (IBNER). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed Actuary of the Company. The actuarial estimate is derived in accordance with relevant IRDAI regulations and Guidance Note GN 21 issued by the Institute of Actuaries of India.

4.6 Acquisition costs

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal of insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the period in which they are incurred.

4.7 Premium deficiency

Premium deficiency is recognised at segmental revenue account level when the sum of expected claim costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. In computing the overall Premium deficiency in miscellaneous revenue account level, the Premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The expected claim costs is calculated and duly certified by the Appointed Actuary.

4.8 Investments

Investments are recorded at cost on trade date and include brokerage, transfer charges, stamps etc, if any, and exclude interest accrued up to the date of purchase.

(A) Classification

- Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months are classified as 'short term investments'.

- Investments other than 'short term investments' are classified as 'long term investments'.
- The investments are shown at Company level and not segregated at Shareholder's level and Policyholder's level.

(B) Valuation

Investments are valued as follows:

Debt securities and Non – convertible preference shares

All debt securities including government securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at amortised cost determined after amortisation of premium or accretion of discount on a constant yield basis over the holding period/maturity.

Equity shares and Convertible preference shares

Listed equities and convertible preference shares at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange and in case these are not listed on National Stock Exchange, then based on the last quoted closing price on the Bombay Stock Exchange.

Mutual funds (Other than venture capital fund)

Mutual fund investments are stated at fair value, being the closing net asset value at balance sheet date.

Investment Properties – Real Estate

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

Investments other than those mentioned above are valued at cost.

(C) Fair Value Change Account

In accordance with the Regulations, unrealised gain/loss arising due to changes in fair value of listed equity shares and convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realisation.

(D) Impairment of Investments

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity and units of mutual fund. The impairment loss, if any, is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the investment is restated to that extent.

Impairment for Investment properties is assessed at each balance sheet date. The impairment loss, if any is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value.

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4.9 Employee Stock Option Scheme (“ESOS”)

The Company follows the intrinsic method for computing the compensation cost, for options granted under the scheme(s). The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortised over the vesting period of the options.

4.10 Fixed assets, Intangibles and Impairments

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on assets purchased/disposed off during the year is provided on pro rata basis with reference to the date of additions/deductions.

Depreciation on fixed assets is provided using the rates based on the economic useful life of assets as estimated by the management/limits specified in Schedule II of the Companies Act, 2013 as below:

Nature of Fixed Assets	Management Estimate of Useful Life in years	Useful life as per the limits prescribed in Schedule II of the Companies Act, 2013 in Years
Building	60.00	60.00
Information Technology equipment – Servers & Networks	3.00	6.00
Information Technology equipment – Others	3.00	3.00
Furniture & Fittings	6.67	10.00
Office Equipment	10.00	5.00
Vehicles	5.00	8.00

In case of Office Equipment, the management estimate of the useful life is higher and for Information Technology equipment (Servers & Networks), Furniture & Fitting and Vehicles, the management estimate of the useful life is lower than that prescribed in Schedule II of the Companies Act, 2013. This is based on the consistent practices followed, past experience and is duly supported by technical advice.

Depreciation on Furniture & Fittings in leased premises is recognised on a straight-line basis over the primary period of lease or useful life as determined by management, whichever is lower.

All assets including intangibles individually costing up to ₹ 5,000 are fully depreciated/amortised in the year in which they are acquired.

Intangibles Assets

Intangible assets comprising computer software are stated at cost less accumulated amortisation. Computer softwares including improvements are amortised over a period of 4 years, being the management’s estimate of the useful life of such intangibles.

Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable

amount and the impairment loss is recognised in the profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

4.11 Operating Lease

Payments made towards assets/premises taken on operating lease are recognised as an expense in the revenue account(s) and profit and loss account over the lease term on straight-line basis.

4.12 Employee benefits

Provident fund

This is a defined contribution scheme and contributions payable to the Regional Provident Fund Authority are provided on the basis of prescribed percentage of salary and are charged to revenue account(s) and profit and loss account.

Gratuity

Gratuity, which is a defined benefit scheme, is provided on the basis of actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the revenue account(s) and profit and loss account.

Accrued leave

Compensated absences are provided based on actuarial valuation including actuarial gains/losses at balance sheet date and are recognised in the revenue account(s) and profit and loss account.

Long Term Performance Pay

Long Term Performance Pay is provided based on actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the revenue account(s) and profit and loss account.

4.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rates prevailing on the date of the transaction. Foreign exchange denominated monetary assets and liabilities, are restated at the rates prevalent at the date of the balance sheet. The gains/losses on account of restatement and settlement are recognised in the revenue account(s) and profit and loss account.

The premium or discount arising at the inception of a forward exchange contract, not intended for trading or speculation purpose, is amortised as expense or income as the case may be over the life of the contract. Exchange difference on account of change in rates of underlying currency at the expiry of the contract period is recognised in the revenue account(s) and profit and loss account. Any profit or loss arising on cancellation or roll-over of such a forward exchange contract is recognised as income or expense for the contract period.

4.14 Grants

The Company recognises grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Grants related to assets are presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Grants related to revenue are

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recognised over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Such grants are deducted in reporting the related expense.

Unspent balances of grants are carried forward to the subsequent years under the head "Current Liabilities" for adjustment against expenses in those years.

A grant that becomes refundable is treated as an extraordinary item. The amount of such refundable grant related to revenue is applied first against any unamortised deferred credit remaining in respect of the grant. To the extent that the amount refundable exceeds any such deferred credit, or where no deferred credit exists, the amount is charged immediately to the profit and loss account.

The amount refundable related to a specific fixed asset is recorded by increasing the book value of the asset. Where the book value of the asset is increased, depreciation on the revised book value is provided.

4.15 Taxation

Current tax

The Company provides for income tax on the basis of taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

In accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the year.

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets thereon are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

4.16 Share issue expenses

Share issue expenses are adjusted against share premium account.

4.17 Earnings per share

The basic earnings per share is calculated by dividing the net profit after tax by weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic earnings per share and also weighted average number equity

shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered.

4.18 Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

Show Cause Notices issued by various Government Authorities are not considered as obligation. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

5. Notes to accounts

5.1 Statutory disclosures as required by IRDAI

5.1.1 Contingent liabilities

(₹ in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Partly-paid up investments	-	-
Claims, other than those under policies, not acknowledged as debt	-	-
Underwriting commitments outstanding	NA	NA
Guarantees given by or on behalf of the Company	-	-
Statutory demands/liabilities in dispute, not provided for (see note below)	100,662	681,404
Reinsurance obligations to the extent not provided for in accounts	-	-
Others	-	-

Note: The Company has disputed the demand raised by Income Tax Authorities of ₹ 23,487 thousand (previous year: ₹ 606,781 thousand) and Service Tax Authorities of ₹ 77,175 thousand (previous year: ₹ 74,623 thousand), the appeals of which are pending before the appropriate Authorities. This excludes Income Tax demand related to Assessment Years 2003-04, 2005-06, 2006-07, 2009-10 & 2010-11 in respect of which the Company has received favourable appellate orders, which are pending for effect to be given by the assessing Authority.

5.1.2 The assets of the Company are free from all encumbrances.

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5.1.3 Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is ₹ 238,162 thousand (previous year: ₹ 215,481 thousand).

5.1.4 Commitment in respect of loans is ₹ NIL (previous year: ₹ NIL) and investments is ₹ 1,808 thousand (previous year: ₹ 85,459 thousand).

5.1.5 Claims

Claims, less reinsurance paid to claimants in/outside India are as under:

(₹ in 000's)

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
In India	49,956,723	40,299,722
Outside India	856,787	289,609

Ageing of gross claims outstanding is set out in the table below:

(₹ in 000's)

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
More than six months	23,537,837	21,941,570
Others	51,869,397	43,681,524

Claims settled and remaining unpaid for more than six months is ₹ NIL (previous year: ₹ NIL).

Claims where the claim payment period exceeds four years:

As per circular F&A/CIR/017/May-04, the claims made in respect of contracts where claims payment period exceeds four years, are required to be recognised on actuarial basis. Accordingly, the Appointed Actuary has certified the fairness of the liability assessment, assuming 'Nil' discount rate.

In this context, the following claims have been valued on the basis of a contractually defined benefit amount payable in monthly installments.

Product Name: Personal protect

(₹ in 000's)

Particulars	For the year ended		For the year ended	
	March 31, 2016		March 31, 2015	
	Count	Amount	Count	Amount
Intimated	273	149,907	225	121,000
Paid	459	38,902	288	19,011
Outstanding	184	154,282	150	96,332

5.1.6 Sector wise details of the policies issued are given below:

Sector	For the year ended March 31, 2016					For the year ended March 31, 2015				
	GDPI ₹ in 000's	No. of Policies	% of Policy	No. of lives	% of GDPI	GDPI ₹ in 000's	No. of Policies	% of Policy	No. of lives	% of GDPI
Rural	7,290,652	693,465	4.39	-	9.01	5,116,227	529,854	3.82	-	7.66
Social	25,923	8	0.00	233,707	0.03	41,332	2	0.00	77,050	0.06
Urban	73,590,496	15,106,671	95.61	-	90.96	61,620,397	13,336,943	96.18	-	92.28
Total	80,907,071	15,800,144	100.00		100.00	66,777,956	13,866,799	100.00		100.00

5.1.7 Extent of risks retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance)

Particulars	Basis	For the year ended March 31, 2016		For the year ended March 31, 2015	
		Retention	Ceded	Retention	Ceded
Fire	Total sum insured	21%	79%	25%	75%
Marine – Cargo	Value at risk	77%	23%	80%	20%
Marine – Hull	Value at risk	19%	81%	18%	82%
Miscellaneous					
- Engineering	Total sum insured	34%	66%	33%	67%
- Motor (refer note 5.2.4)	Total sum insured	83%	17%	76%	24%
- Workmen Compensation	Value at risk	95%	5%	95%	5%
- Public Liability	Value at risk	65%	35%	61%	39%
- Personal Accident	Value at risk	76%	24%	73%	27%
- Aviation	Value at risk	60%	40%	63%	37%
- Health	Value at risk	68%	32%	71%	29%
- Credit Insurance	Value at risk	7%	93%	7%	93%
- Others	Value at risk	42%	58%	51%	49%

5.1.8 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending ₹ 600 thousand (previous year: ₹ 11,731 thousand); and
- Sales where payments are overdue ₹ NIL (previous year: ₹ NIL).

Historical cost of investments that are valued on fair value basis is ₹ 15,127,283 thousand (previous year: ₹ 7,884,287 thousand).

All investments are made in accordance with Insurance Act, 1938 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2000 and are performing investments.

(A) Allocation of investment

- Investments that are earmarked, are allocated separately to policy holders or share holders, as applicable;
- Other investments have not been allocated into policy holders and share holders as the same are not earmarked separately.

(B) Allocation of investment income

Investment income which is directly identifiable is allocated on actuals between revenue account(s) and profit and loss account and which is not directly identifiable has been allocated on the basis of the ratio of average policyholder's funds to average shareholder's funds respectively; average being the balance at the beginning of the year and at the end of the year.

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Further, investment income across segments within the revenue account(s) has also been allocated on the basis of segment-wise policyholders funds.

(C) Investment Properties – Real Estate

The fair value of the investment properties as at March 31, 2016 is ₹ 1,758,796 thousand (previous year: ₹ 1,399,872 thousand) which based on a valuation report.

5.1.9 Allocation of expenses

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

- Expenses that are directly identifiable to a business class are allocated on actuals;
- Other expenses, that are not directly identifiable, are broadly allocated on the basis of net premium in each business class; and
- Depreciation expenditure has been allocated on the assessment that the use of assets is proportionate to net premium of the respective segments.

5.1.10 Employee Benefit Plans

(A) Defined contribution plan

(₹ in 000's)

Expenses on defined contribution plan	For the year ended March 31, 2016	For the year ended March 31, 2015
Contribution to staff provident fund	138,202	131,544

(B) Defined benefit plan

Gratuity

The Company has a defined gratuity benefit plan payable to every employee on separation from employment. The Company makes the contribution to an approved gratuity fund which is maintained and managed by ICICI Prudential Life Insurance Company Limited.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits of the Company is given below.

(₹ in 000's)

Reconciliation of Benefit Obligations and Plan Assets	For the year ended March 31, 2016	For the year ended March 31, 2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	384,444	307,903
Current Service Cost	56,855	48,491
Interest Cost	31,868	31,001
Actuarial Losses/(Gain)	(26,975)	27,324
Liabilities assumed on Acquisition	14,379	5,218
Benefits Paid	(43,106)	(35,493)
Closing Defined Benefit Obligation	417,465	384,444
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	382,942	293,845

Reconciliation of Benefit Obligations and Plan Assets	For the year ended March 31, 2016	For the year ended March 31, 2015
Expected Return on Plan Assets	28,502	22,479
Actuarial Gains/(Losses)	(11,373)	26,893
Contributions by Employer	50,000	70,000
Assets acquired on acquisition	14,379	5,218
Benefits paid	(43,106)	(35,493)
Closing Fair Value of Plan Assets	421,344	382,942
Expected Employer's contribution Next Year	-	-

(₹ in 000's)

Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets	At March 31, 2016	At March 31, 2015
Fair Value of Plan Assets at the end of the year	(421,344)	(382,942)
Present Value of the defined obligations at the end of the year	417,465	384,444
Liability recognised in the balance sheet	-	1,502
Asset recognised in the balance sheet	3,879	-
Investment details of plan assets		
100% Insurer Managed Funds	421,344	382,942
Assumptions		
Discount Rate	7.65%p.a.	7.90%p.a.
Expected Rate of Return on Plan Assets	7.50%p.a.	7.50%p.a.
Salary Escalation Rate	9.00%p.a.	9.00%p.a.

(₹ in 000's)

Expenses to be recognised in statement of Profit and Loss Account	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Service Cost	56,855	48,491
Interest on Defined Benefit Obligation	31,868	31,001
Expected return on Plan Assets	(28,502)	(22,479)
Net Actuarial Losses/(Gains) recognised in year	(15,602)	431
Past Service Cost	-	-
Losses/(Gains) on "Curtailements & Settlements"	-	-
Losses/(Gains) on "Acquisition/ Divestiture"	-	-
Effect of limit in Para 59 (b)	-	-
Total included in Employee Benefit Expense	44,619	57,444

Experience adjustments of five years is given below

(₹ in 000's)

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined Benefit Obligation	417,465	384,444	307,903	272,949	228,357
Plan assets	421,344	382,942	293,845	236,474	237,011
Surplus / (Deficit)	3,879	(1,502)	(14,059)	(36,475)	8,654
Exp.Adj on Plan Liabilites	(32,494)	5,957	25,459	3,634	10,137
Exp.Adj on Plan Assets	(11,373)	26,894	14,860	7,996	(290)

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Accrued Leave

The Company has a scheme for accrual of leave for employees, the liability for which is determined on the basis of Actuarial Valuation carried out at the year end. Assumptions stated above are applicable for accrued leaves also.

(₹ in 000's)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening balance	71,832	67,645
Add: Provision made during the year	9,986	4,187
Closing balance	81,818	71,832

Long Term Performance Pay

The Company has schemes for Long Term Performance incentive plan. The plan is discretionary deferred compensation plan with a vesting period of three years. The Company has determined the liability on the basis of Actuarial valuation.

(₹ in 000's)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening balance	258,029	348,701
Add: Provision made during the year	(5,867)	(90,672)
Closing balance	252,162	258,029
Assumption		
Discount Rate	7.35% p.a.	8.00% p.a.

5.1.11 Managerial remuneration

The details of remuneration of MD & CEO and two Wholtime Directors' as per the terms of appointment are as under:

(₹ in 000's)

Particulars (see note below)	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and allowances	107,652	123,096
Contribution to provident and other funds	3,668	3,214
Perquisites	608	455

Note: Provision 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.

Managerial remuneration in excess of ₹ 15,000 thousand, for each Managerial personnel has been charged to profit and loss account.

5.1.12 (A) Share Capital

At March 31, 2016 the Company has allotted 944,414 equity shares (previous year: 1,538,516 shares) under ESOP raising ₹ 63,540 thousand (previous year: ₹ 122,289 thousand).

During the year the Company has not made any preferential allotment (previous year: ₹ NIL).

(B) Share Application

At March 31, 2016 there is no outstanding share application money pending for allotment (previous year: ₹ 1,986 thousand) against which shares are yet to be allotted.

5.1.13 Outsourcing, business development and marketing support expenses

Expenses relating to outsourcing, business development and marketing support are:

(₹ in 000's)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Outsourcing expenses	1,093,345	1,337,551
Business development		
- Sales promotion	2,873,098	1,932,635
- Business support services	6,353,875	4,486,432
Marketing support	1,106,173	953,173

5.1.14 Details of penal actions taken by various Govt. authorities during year ended March 31, 2016:

(₹ in 000's)

SI No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	1,000 (5,000)	1,000 (5,000)	1,000 (5,000)	- (-)
2	Service Tax Authorities	- (-)	- (-)	- (-)	- (-)
3	Income Tax Authorities	- (-)	- (-)	- (-)	- (-)
4	Any other Tax Authorities	- (-)	- (-)	- (-)	- (-)
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	- (-)	- (-)	- (-)	- (-)
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	- (-)	- (-)	- (-)	- (-)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	- (-)	- (-)	- (-)	- (-)
8	Securities and Exchange Board of India	NA (NA)	NA (NA)	NA (NA)	NA (NA)
9	Competition Commission of India	- (-)	- (-)	- (-)	- (-)
10	Any other Central/State/ Local Govt / Statutory Authority (Tariff Advisory Committee)	- (-)	- (-)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2015

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5.1.15 Summary of Financial Statements for five years:

(₹ in 000's)

Particulars	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
Operating Result					
Gross direct premium	80,907,071	66,777,956	68,561,645	61,339,850	51,501,386
Net premium income [#]	54,348,919	44,276,854	44,979,957	41,454,927	41,087,394
Income from investments (net) [@]	9,299,869	7,641,750	6,593,546	4,634,211	3,082,833
Other income	400,599	227,116	195,955	132,742	881,528
Total income	64,049,387	52,145,720	51,769,458	46,221,880	45,051,755
Commissions (net) (including brokerage)	(3,279,732)	(3,738,213)	(2,290,885)	(1,831,182)	(613,538)
Operating expenses	17,112,042	13,870,587	12,145,729	10,180,673	8,728,920
Net incurred claims & other outgoes	39,282,142	34,434,368	36,189,051	33,788,889	36,007,854
Change in unexpired risk reserve	6,132,746	1,923,506	1,450,824	1,362,412	5,597,396
Operating Profit/(Loss)	4,802,189	5,655,472	4,274,739	2,721,088	(4,668,877)
Non - Operating Result					
Total income under shareholder's account (net of expenses)	2,274,739	1,251,749	927,634	95,676	716,732
Profit/(Loss) before tax	7,076,928	6,907,221	5,202,373	2,816,764	(3,952,145)
Provision for tax	2,002,461	1,551,076	88,814	(240,989)	211,147
Profit/(Loss) after tax	5,074,467	5,356,145	5,113,559	3,057,753	(4,163,292)
Miscellaneous					
Policy holder's account:					
Total funds	88,920,306	70,427,250	73,972,565	66,485,230	60,322,530
Total investments	Not applicable as investments are not earmarked				
Yield on investments	Not applicable as investments are not earmarked				
Shareholder's account:					
Total funds	31,756,464	28,233,291	23,810,921	17,657,566	14,580,600
Total investments	Not applicable as investments are not earmarked				
Yield on investments	Not applicable as investments are not earmarked				
Paid up equity capital	4,475,384	4,465,940	4,450,555	4,370,152	4,365,839
Net worth**	31,756,464	28,233,291	23,810,921	17,657,566	14,580,600
Total assets	156,758,044	136,563,891	135,448,793	118,686,969	105,251,554
Yield on total investments (annualised)	11%	10%	9%	9%	8%
Earnings per share (₹)	11.35	12.03	11.50	7.00	(9.56)
Book value per share (₹)	70.96	63.22	53.50	40.40	33.40
Total dividend (excluding dividend tax)	1,341,696	891,225	-	-	-
Dividend per share (₹)	3.00	2.00	-	-	-

[#]Net of Reinsurance

[@]Net of Losses

** Shareholders funds / Net worth = (Share capital + Reserve & Surplus) – (Miscellaneous Expenditure + Debit balance in profit & loss account)

5.1.16 Ratio Analysis:

(A) For ratios at March 31, 2016 refer Annexure 1a and 1b and for March 31, 2015 refer Annexure 2a and 2b

(B) Solvency Margin

(₹ in 000's)

Solvency Margin	At March 31, 2016	At March 31, 2015
Required solvency margin under IRDAI Regulations (A)	14,508,100	11,894,700
Available solvency margin (B)	26,387,600	23,156,100
Solvency ratio actual (times) (B/A)	1.82	1.95
Solvency ratio prescribed by Regulation	1.50	1.50

5.1.17 Employee Stock Option Scheme (ESOS):

The Company has granted Stock options to employees in compliance with the Securities and Exchange board of India (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999 based on an independent valuer's report. The salient features of the Scheme which is stated below:

Founder ESOPs:

Scheme	
Date of grant	April 26, 2005
No. of Options granted (in 000's)	917
Grant Price	₹ 35
Graded Vesting Period	
1st Year	50% of option
2nd Year	50% of option
Maximum term of option granted	Later of the thirteenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement	Equity

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Performance ESOPs (2005, 2006 & 2007):

Scheme		
Date of grant	2005	April 26, 2005
	2006	April 24, 2006
	2007	April 21, 2007
No. of Options granted (in 000's)	13,322	
Grant Price	₹ 35 – ₹ 60	
Graded Vesting Period		
1st Year	20% of option	
2nd Year	20% of option	
3rd Year	30% of option	
4th Year	30% of option	
Maximum term of option granted	Later of the thirteenth anniversary of the date of grant of options or fifth anniversary of the date of vesting	
Mode of settlement	Equity	

Performance ESOPs (2008):

Scheme		
Date of grant	2008	April 24, 2008
No. of Options granted (in 000's)	5,050	
Grant Price	₹ 200	
Graded Vesting Period		
1st Year	20% of option	
2nd Year	20% of option	
3rd Year	30% of option	
4th Year	30% of option	
Maximum term of option granted	Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting	
Mode of settlement	Equity	

Performance ESOPs (2009):

Scheme		
Date of grant	2009	July 21, 2009
No. of Options granted (in 000's)	1,249	
Grant Price	₹ 91	
Graded Vesting Period		
1st Year	0% of option	
2nd Year	20% of option	
3rd Year	20% of option	
4th Year	30% of option	
5th Year	30% of option	
Maximum term of option granted	Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting	
Mode of settlement	Equity	

Performance ESOPs (2010):

Scheme		
Date of grant	2010	April 19, 2010
No. of Options granted (in 000's)		2,312
Grant Price		₹ 114
Graded Vesting Period		
1st Year		20% of option
2nd Year		20% of option
3rd Year		30% of option
4th Year		30% of option
Maximum term of option granted		Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement		Equity

Performance ESOPs (2011):

Scheme		
Date of grant	2011	April 25, 2011
No. of Options granted (in 000's)		723
Grant Price		₹ 109
Graded Vesting Period		
1st Year		40% of option
2nd Year		60% of option
Maximum term of option granted		Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement		Equity

The estimated fair value is computed on the basis of binomial tree pricing model, of each stock option granted for Founder ESOPs and Performance ESOPs.

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A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised by the employees and Wholetime Directors is given below:

(in 000's)

Particulars	Other than Wholetime Directors'		Wholetime Directors'	
	At March 31, 2016	At March 31, 2015	At March 31, 2016	At March 31, 2015
Outstanding at the beginning of the year	7,021	8,009	1,100	1,835
Add: Granted during the year	-	-	-	-
Add/Less: Options reclassified during the year*	-	715	-	(715)
Less: Forfeited / lapsed during the year	(200)	(254)	-	-
Less: Exercised during the year	(917)	(1,449)	-	(20)
Outstanding at the end of the year	5,904	7,021	1,100	1,100
Exercisable at the end of the year	5,904	7,021	1,100	1,100

*Consequent to resignation of Mr. Neelesh Garg – Executive Director with effect from February 2, 2015.

5.2 Other disclosures

5.2.1 Basis used by the Actuary for determining provision required for IBNR/IBNER

IBNR (including IBNER) liability as at March 31, 2016 for all lines of business, other than reinsurance accepted from declined risk pool has been estimated by the Appointed Actuary in compliance with the guidelines issued by IRDAI from time to time and the applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India.

5.2.2 Provision for Free Look period

The provision for Free Look period is duly certified by the Appointed Actuary.

5.2.3 Contribution to terrorism pool

The Company in accordance with the requirements of IRDAI has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of ₹ 15 billion.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on intimation/confirmation received from GIC. Accordingly, reinsurance accepted, on account of the terrorism pool has been recorded only up to December 31, 2015 (previous year: December 31, 2014) as per the last confirmation received.

5.2.4 Declined Risk Pool

In accordance with the directions of the IRDAI, effective April 1, 2012, the Company, together with other insurance companies has participated in the Declined Risk Pool, a multilateral reinsurance arrangement, administered by the General Insurance Corporation of India ('GIC'). No comprehensive motor insurance policy or part thereof, is to be ceded to the Pool. Every insurer is required to underwrite a minimum percentage of standalone (liability only) commercial vehicle motor third party insurance which shall be in proportion to the sum of 50% of the Company's percentage share in total gross premium and 50% of the Company's percentage share in total motor premium of the industry of the relevant year.

The cessions to the GIC shall be in accordance with the obligatory cession which currently stands at 5%. The ceding insurers shall retain 20% of the individual risk to their net account (after obligatory cessions) and cede the balance to the Declined Risk Pool. Accordingly, the Company has ceded 75% of the third party premium collected to the Declined Risk Pool in accordance with the IRDAI instructions and guidelines.

During the year ended March 31, 2016 the Company has received the audited statements from the DR Pool for the year ended March 2015 and provisional statements for the nine months ended December 31, 2015 and revised statements for the year ended March 31, 2013 & March 31, 2014. The Company has recognised 100% of its share of premium as earned premium and claims based on such audited statement for the year ended March 31, 2015 and revised statements for the year ended March 31, 2013 & March 31, 2014.

Further, for the quarter ended March 31, 2016, pending the receipt of the audited statement and final ultimate loss ratio from the DR pool, the Company has recognised its share of the pool based on internal estimates of market gross premium, DR pool size, its share and the ultimate loss ratio as per last audited statement received from the DR pool. Necessary revision in estimates will be made upon receipt of the audited statements from the DR pool.

During the year ended March 31, 2016, IRDAI, in its Order no. IRDA/NL/MTP/DRP/2013-15/01/2016 dated February 10, 2016 declared the ultimate loss ratio (ULR) for the DR pool for the year 2014-15 at 184% against provisional estimate of 175% as well as advised a provisional ultimate loss ratio of 184% for the year 2015-16.

The change in ultimate loss ratio (ULR) from 175% to 184% has resulted in an impact of ₹ 7,779 thousand pertaining to 2014-15 and consequently profit before tax for the year ended March 31, 2016 is lower to that extent and the impact on the profit before tax of revised statements for the year ended March 31, 2013 & March 31, 2014 is not material.

Necessary impact consequent to revision in estimated ultimate loss ratios for the year ended March 31, 2016 will be given upon receipt of final ultimate loss ratio from the DR pool.

5.2.5 Interest, Rent and Dividend income

- (a) Interest, Dividend & Rent income under Miscellaneous segment is net of interest expense of ₹ NIL (previous year: ₹ 106,680 thousand) on dues to Indian Motor Third Party Insurance Pool (IMTPIP) @ 7.5% p.a consequent to clean cut settlement.
- (b) Interest, Dividend & Rent income is net of interest expense of ₹ 3,144 thousand (previous year: ₹ NIL) on account of REPO transactions.

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5.2.6 Re-insurance inward

The results of reinsurance inward are accounted as per last available statement of accounts/ confirmation from reinsurers.

5.2.7 Contribution to Solatium fund

In accordance with the requirements of the IRDAI circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, the Company has provided 0.1% of gross written premium on all motor policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the solatium fund.

5.2.8 Grants

During the year ended March 31, 2016, the Company has not received any disbursement (previous year: ₹ 1,904 thousand (US\$ 30,000)). The cumulative disbursement received up to March 31, 2016 is ₹ 16,040 thousand (US\$ 300,000) (previous year: ₹ 16,040 thousand (US\$ 300,000)) from the International Labour Organisation (ILO) through its Microinsurance Innovation Facility, towards an Innovation Grant in order to carry out providing Outpatient Insurance to complement Rashtriya Swasthya Bima Yojana (RSBY). The position of the capital and revenue expenses incurred as well as the unspent amount has been shown as under:

(₹ in 000's)

	During the current year	As at March 31, 2016
Disbursement received	-	16,040
	(1,904)	(16,040)
Capital expenditure incurred	-	9,666
	(2,255)	(9,666)
Revenue expenditure incurred		
Employees' remuneration & welfare benefits	-	1,667
	(-)	(1,667)
Travel, conveyance and vehicle running expenses	-	401
	(-)	(401)
Legal & professional charges	-	2,575
	(590)	(2,575)
Miscellaneous expenses	-	300
	(-)	(300)
Business & Sales promotion	-	1,360
	(-)	(1,360)
Total	-	6,303
	(590)	(6,303)
Foreign exchange gain	-71	-71
		(-)
Unspent amount	-	-
		(71)

Figures in brackets pertain to year ended March 31, 2015

Note:

- 1) Revenue expenditure in Schedule – 4 is net of grant received.
- 2) The unspent amount was included under the head "Current Liabilities – Sundry Creditors".

5.2.9 Environment Relief Fund

An amount of ₹ 96 thousand is outstanding (Previous year: ₹ 131 thousand) towards Environment Relief fund (ERF) under Public Liability policies.

5.2.10 Leases

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable / cancelable by the lessor/lessee.

Non Cancelable operating lease

The detail of future rentals payable are given below:

(₹ in 000's)

	At March 31, 2016	At March 31, 2015
a. not later than one year	1,692	2,152
b. later than one year and not later than five years	1,444	2,595
c. later than five years	-	-

An amount of ₹ 2,980 thousand (previous year: ₹ 2,262 thousand) towards said lease payments has been recognised in the statement of revenue account.

5.2.11 Micro and Small scale business entities

There is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

5.2.12 Segmental reporting

Primary reportable segments

The Company's primary reportable segments are business segments, which have been identified in accordance with AS 17 – Segment Reporting read with the Regulations. The income and expenses attributable to the business segments are allocated as mentioned in paragraph 5.1.8 & 5.1.9 above. Segment revenue & results have been disclosed in the Revenue accounts.

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Segmental Assets & Liabilities to the extent identifiable to business segments are given below:

(₹ in 000's)

Segment	Current liabilities		Current Assets
	Year	Claims Outstanding	Outstanding Premium
Fire	2015-16	6,609,308	8,676
	2014-15	6,538,900	8,015
Engineering	2015-16	2,551,387	13,654
	2014-15	2,242,032	17,212
Marine Cargo	2015-16	2,206,512	301
	2014-15	1,563,804	-
Marine Hull	2015-16	606,246	-
	2014-15	998,826	-
Motor OD	2015-16	5,282,138	-
	2014-15	5,997,814	-
Motor TP	2015-16	45,781,095	-
	2014-15	37,528,833	-
Workmen Compensation	2015-16	389,999	-
	2014-15	344,964	-
Public/Product Liability	2015-16	128,355	-
	2014-15	71,229	-
Personal Accident	2015-16	2,288,315	12,600
	2014-15	1,781,630	-
Aviation	2015-16	1,262,505	-
	2014-15	963,088	-
Health	2015-16	3,905,814	2,130,129
	2014-15	3,627,259	2,437,082
Credit Insurance	2015-16	92,868	-
	2014-15	88,852	-
Others	2015-16	4,302,692	3,095,846
	2014-15	3,875,863	1,710,875
Total Amount	2015-16	75,407,234	5,261,206
	2014-15	65,623,094	4,173,184

Secondary reportable segments

There are no reportable geographical segments since the Company provides services only to customers in the Indian market or Indian interests aboard and does not distinguish any reportable regions within India.

5.2.13 Related party

Party where control exists

ICICI Bank Limited (Holding Company)

Other related parties with whom transactions have taken place during the year:

Fellow Subsidiaries / Associates / Other related entities:

Name of related party	Relationship
ICICI Home Finance Company Limited	Fellow Subsidiary
ICICI Prudential Asset Management Company Limited	Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
ICICI Securities Limited	Fellow Subsidiary
ICICI Securities Primary Dealership Limited	Fellow Subsidiary
ICICI Strategic Investments Fund	Fellow Subsidiary
ICICI Bank UK PLC	Fellow Subsidiary
ICICI Equity Fund	Fellow Subsidiary
ICICI Venture Funds Management Company Limited	Fellow Subsidiary
FAL Corporation (Affiliate of Fairfax Financial Holdings Limited)	Venturer in Joint Venture

Key Management Personnel (KMP):

Bhargav Dasgupta, Managing Director & CEO

Alok Kumar Agarwal, Executive Director

Sanjeev Mantri, Executive Director (Director w.e.f. May 2, 2015)

Neelesh Garg, Executive Director (ceased to be Director w.e.f. February 2, 2015)

Relatives of KMP with whom transactions have taken place during the year:

Ranjana Dasgupta : Spouse of Bhargav Dasgupta

Brij Mohan Gupta: Brother of Alok Kumar Agarwal

Meghna Dasgupta: Daughter of Bhargav Dasgupta

Manoj Kumar Agarwal: Brother of Alok Kumar Agarwal

Vibha Mantri : Spouse of Sanjeev Mantri

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Details of transaction with related parties for the year ended March 31, 2016 are given below:

(₹ in 000's)

Particulars	ICICI Bank Ltd	ICICI Home Finance Co Ltd	ICICI Securities Primary Dealership Ltd	ICICI Prudential Life Insurance Co Ltd	ICICI Securities Ltd	Others	FAL Corporation	KMP & their relatives
	Holding Company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
Premium income	1,180,231 (1,070,117)	9,944 (8,228)	3,722 (2,744)	141,500 (161,986)	80,361 (66,449)	38,465 (32,440)	- (-)	83 (135)
Income from interest & dividend	19,886 (17,347)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Issue of share capital	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (200)
Share premium on share issued	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (500)
Claim payments net of claims received	72,971 (158,468)	- (-)	1,405 (1,886)	-212 (-1,627)	28,503 (27,246)	124 (39)	- (-)	- (-)
Commission/ Brokerage payouts	732,215 (677,193)	21,181 (25,875)	- (-)	- (-)	7,542 (9,146)	- (-)	- (-)	- (-)
Investment - Purchases	22,472,852 (15,608,696)	- (-)	582,729 (6,474,688)	2,351,936 (2,691,901)	- (-)	- (-)	- (-)	- (-)
- Sales	19,700,000 (14,500,074)	- (-)	2,316,876 (878,455)	3,282,935 (2,509,507)	- (-)	- (-)	- (-)	- (-)
Premium Paid	- (-)	- (-)	- (-)	6,711 (5,402)	- (-)	- (-)	- (-)	- (-)
Establishment & other expenditure	292,507 (256,736)	-15,687 (-12,682)	- (-)	-3,454 (-3,749)	-627 (599)	- (-)	- (-)	111,929 (126,765)
Dividend Paid	977,651 (651,767)	- (-)	- (-)	- (-)	- (-)	- (-)	343,497 (228,998)	- (113)

Figure in brackets pertain to year ended March 31, 2015

Balances with related parties at March 31, 2016, are given below:

(₹ in 000's)

Particulars	ICICI Bank Ltd	ICICI Home Finance Co Ltd	ICICI Securities Primary Dealership Ltd	ICICI Prudential Life Insurance Co Ltd	ICICI Securities Ltd	Others	FAL Corporation	KMP & their relatives
	Holding Company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
Assets								
Cash, Bank balances & Deposits	-908,528 (-827,574)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Income accrued on investments	257 (499)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Liabilities								
Capital	2,856,053 (3,258,837)	- (-)	- (-)	- (-)	- (-)	- (-)	1,547,775 (1,144,990)	- (-)
Share premium	10,872,192 (10,872,192)	- (-)	- (-)	- (-)	- (-)	- (-)	3,819,959 (3,819,959)	- (-)
Premium received in advance / Cash deposits	43,824 (420,986)	3,792 (2,141)	161 (61)	3,070 (955)	743 (596)	1,487 (1,027)	- (-)	- (-)
Others liabilities/ Payables	267,959 (187,221)	-905 (5,205)	702 (267)	18,615 (17,069)	6,430 (7,233)	2,640 (2,611)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2015

5.2.14 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31, 2016

At March 31, 2016 the Company has not appropriated / written back the unclaimed amount of policyholders. (Reference IRDAI circular no IRDA/F&I/CIR/CMP/174/11/2010 dated 4th November, 2010)

(₹ in 000's)

Particulars	Total Amount	4-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the insured/ policyholders on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any excess collection of the premium/ tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	192,356 (193,233)	76 (5,570)	88 (9,455)	5,090 (5,740)	9,108 (5,810)	5,601 (7,626)	172,393 (159,032)
Cheques issued but not encashed by the policyholder/ insured	841,153 (797,307)	74,186 (81,397)	33,394 (60,052)	48,717 (58,069)	48,401 (56,359)	52,116 (68,029)	584,339 (473,401)
Total	1,033,509 (990,540)	74,262 (86,967)	33,482 (69,507)	53,807 (63,809)	57,509 (62,169)	57,717 (75,655)	756,732 (632,433)

Figure in brackets pertain to year ended March 31, 2015

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5.2.15 Details of earning per share for the year ended March 31, 2016

(in 000's)

Particulars	At March 31, 2016	At March 31, 2015
Profit/(loss) available to equity shareholders ₹	5,074,467	5,356,145
Weighted average number of equity shares		
Number of shares at the beginning of the year	446,594	445,056
Share issued during the year	944	1,538
Total number of equity share outstanding at the end of the year	447,538	446,594
Weighted average number of equity shares outstanding during the year	447,164	445,319
Add : Effect of dilutive issues of options and share application pending allotment	3,022	3,683
Diluted weighted average number of equity shares outstanding during the year	450,186	449,002
Nominal value of equity shares ₹	10.00	10.00
Basic earning per share ₹	11.35	12.03
Diluted earning per share ₹	11.27	11.93

5.2.16 Deferred taxes

The major components of deferred tax are as under:

(₹ in 000's)

Particulars	Deferred tax asset at March 31, 2016	Deferred tax asset at March 31, 2015
Timing differences on account of:		
Reserve for Unexpired Risks	854,171	581,457
Provision for escalation in lease rentals	25,750	25,381
Leaves accrued	28,317	24,861
Provision for doubtful debts	433,676	448,293
Total	1,341,914	1,079,992
Net deferred tax asset/(liability)	1,341,914	1,079,992
Deferred tax expense/(income) recognised in the Profit and Loss A/c	(261,922)	(666,096)

5.2.17 REPO / Reverse repo transactions

(₹ in 000's)

	For the year ended March 31, 2016			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding at March 31, 2016
Securities sold under repo (At cost)				
Government Securities	499,916 (-)	2,303,106 (-)	1,422,404 (-)	- (-)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under reverse repo (At cost)				
Government Securities	19,917 (175,248)	5,559,809 (2,511,807)	2,843,480 (69,110)	- (424,129)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2015

5.2.18 During the year ended March 31, 2016 the Company has incurred expenditure towards CSR activities which are as below;

- (a) Gross amount required to be spent by the company during the year was ₹ 96,127 thousand (previous year: ₹ 27,113 thousand).
- (b) Amount spent during the year is ₹ 97,117 thousand (previous year: ₹ 27,756 thousand).

(₹ in 000's)

		In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	- (-)	- (-)	- (-)
(ii)	On purposes other than (i) above	97,117 (27,756)	- (-)	97,117 (27,756)
(a)	Contribution to ICICI Foundation projects (Skill development & sustainable livelihoods; elementary education & healthcare)	66,320 (14,180)	- (-)	66,320 (14,180)
(b)	Ride to safety (helmet distribution to children)	20,661 (-)	- (-)	20,661 (-)
(c)	Access to Healthcare: Sanitation and Healthcare (Preventive and Curative)	- (800)	- (-)	- (800)
(d)	Eye check-up camps for under privileged school children led by employees	6,918 (7,730)	- (-)	6,918 (7,730)
(e)	Contribution to Disaster Relief fund	3,218 (5,046)	- (-)	3,218 (5,046)

SCHEDULES

FORMING PART OF THE FINANCIAL STATEMENTS

- 5.2.19** As at March 31, 2016 there are no outstanding forward exchange contracts.
- 5.2.20** The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer Note no. 5.1.1 for details on contingent liabilities)
- 5.2.21** (A) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/ accounting standard.
- (B) As at March 31, 2016 the Company did not have any outstanding long term derivative contracts.
- 5.2.22** For the year ended March 31, 2016, the company is not required to transfer any amount into the Investor Education & Protection Fund.
- 5.2.23** IRDAI has vide its Notification no. F.No.IRDAI/RI/11/101/2015 dated August 18, 2015 (received by the Company on September 22, 2015) revised the terms and conditions for the reinsurance cessions to the "Indian Reinsurer" wherein, inter alia, the limit of cession in sum insured has been revised for the underwriting year 2015-16. The Company has made a representation to the IRDAI that the said revision should be made effective from October 1, 2015 due to practical difficulties of retrospective implementation. Pending receipt of confirmation from IRDAI no effect has been given in respect of the changes proposed in the notification for the period April 1, 2015 to September 30, 2015. The management does not expect any material impact on the profits of the Company for the same. However, the Company has given effect from October 1, 2015 to the changes proposed in the notification.
- 5.2.24** The Company had been providing for receivables outstanding beyond a period of three years. During the current year, the Company has decided to make provision in respect of Government receivables outstanding for more than three years based on a review conducted on a case to case basis given the sovereign nature of these dues. Due to the above change, the profit before tax for the year and outstanding premiums are higher by ₹ 802,242 thousand.

5.2.25 Previous year figures have been regrouped, reclassified in the respective schedule and notes wherever necessary, to conform to current period classifications. The details of changes are as under:

Sr. no.	Regrouped from	Regrouped to	Period	Amount (in ₹ 000's)	Reason
1	Schedule 12 (Other Assets) - Due from other entities carrying on Insurance business (net) (including reinsurers)	Schedule 13 (Current Liabilities) - Balances due to other insurance companies (net)	March 2015	173,260	Facultative reinsurance balances have been regrouped for better presentation
2	Schedule 4 (Operating expenses related to insurance business) Others - - Business support services were included under Miscellaneous expenses	Schedule 4 (Operating expenses related to insurance business) Others - - Business support services	March 2015	4,486,412	Better classification
3	Schedule 4 (Operating expenses related to insurance business) Others - - Miscellaneous expenses were net of miscellaneous income	Revenue Accounts Others - - Miscellaneous Income	March 2015	17,839	Better classification

For and on behalf of the Board

Chanda Kochhar

Chairperson

Dileep Choksi

Director

Alok Kumar Agarwal

Executive Director

Gopal Balachandran

Chief Financial Officer

Mumbai, April 19, 2016

S. Mukherji

Director

Bhargav Dasgupta

Managing Director & CEO

Sanjeev Mantri

Executive Director

Vikas Mehra

Company Secretary

ANNEXURE-1A ANALYTICAL RATIOS

AS AT MARCH 31, 2016

SR. No,	Particulars	Total	Fire	Marine Cargo	Marine Others	Marine total	Motor OD	Motor TP	Motor Total
1	Gross Direct Premium Growth Rate	21%	16%	19%	33%	22%	18%	27%	21%
2	Gross Direct Premium to Net Worth Ratio	2.55							
3	Growth rate of Net Worth	12%							
4	Net Retention Ratio	66%	15%	72%	11%	58%	75%	94%	82%
5	Net Commission Ratio	-6%	-46%	11%	22%	11%	-3%	-1%	-2%
6	Expense of Management to Gross Direct Premium Ratio	25%							
7	Expense of Management to Net Written Premium Ratio	38%							
8	Net Incurred Claims to Net Earned Premium	81%							
9	Combined Ratio	107%							
10	Technical Reserves to Net Premium Ratio	1.95							
11	Underwriting balance Ratio	(0.10)	0.50			(0.40)			
12	Operating Profit Ratio	10%							
13	Liquid Assets to liabilities Ratio	14%							
14	Net earnings Ratio	11%							
15	Return on Net Worth Ratio	16%							
16	Available Solvency margin Ratio to Required Solvency Margin Ratio (times)	1.82							
17	NPA Ratio								
	Gross NPA Ratio	-							
	Net NPA Ratio	-							

Notes:

Ratios are computed as per definitions laid down by IRDA Master circular dated October 5, 2012 and corrigendum on master circular dated July 3, 2013

1. GDPI = Premium from direct business written, NWP = Net written premium
2. Shareholders' funds/ Net worth = (Share capital + Reserve & Surplus) - (Miscellaneous expenditure - Debit balance in profit & loss account)
3. Expenses of management = Commission paid-direct + Operation expenses related to insurance business
4. Liquid asset= Short term investments + Cash and bank balances
5. Policyholders liabilities = Claim outstanding (to be discharged in 12 months) + Reserve for unexpired risk + Reserve for premium deficiency
6. Underwriting profit/ (loss) = Net premium earned - Net claims incurred - Net commission - Operating expense

ANNEXURE-2A ANALYTICAL RATIOS

AS AT MARCH 31, 2015

SR. No,	Particulars	Total	Fire	Marine Cargo	Marine Others	Marine total	Motor OD	Motor TP	Motor Total
1	Gross Direct Premium Growth Rate	-3%	12%	2%	-16%	-2%	3%	13%	6%
2	Gross Direct Premium to Net Worth Ratio	2.37							
3	Growth rate of Net Worth	19%							
4	Net Retention Ratio	64%	18%	73%	7%	59%	65%	94%	76%
5	Net Commission Ratio	-8%	-25%	10%	-142%	6%	-9%	0%	-5%
6	Expense of Management to Gross Direct Premium Ratio	25%							
7	Expense of Management to Net Written Premium Ratio	38%							
8	Net Incurred Claims to Net Earned Premium	81%							
9	Combined Ratio	104%							
10	Technical Reserves to Net Premium Ratio	2.04							
11	Underwriting balance Ratio	(0.05)	0.02			(0.35)			
12	Operating Profit Ratio	13%							
13	Liquid Assets to liabilities Ratio	15%							
14	Net earnings Ratio	13%							
15	Return on Net Worth Ratio	19%							
16	Available Solvency margin Ratio to Required Solvency Margin Ratio (times)	1.95							
17	NPA Ratio								
	Gross NPA Ratio	-							
	Net NPA Ratio	-							

Notes

Ratios are computed as per definitions laid down by IRDA Master circular dated October 5, 2012 and corrigendum on master circular dated July 3, 2013

1. GDPI = Premium from direct business written, NWP = Net written premium
2. Shareholders' funds/ Net worth = (Share capital + Reserve & Surplus) - (Miscellaneous expenditure - Debit balance in profit & loss account)
3. Expenses of management = Commission paid-direct + Operation expenses related to insurance business
4. Liquid asset= Short term investments + Cash and bank balances
5. Policyholders liabilities = Claim outstanding (to be discharged in 12 months) + Reserve for unexpired risk + Reserve for premium deficiency
6. Underwriting profit/ (loss) = Net premium earned - Net claims incurred - Net commission - Operating expense

RECEIPTS & PAYMENT ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2016

(₹ in 000's)

		Year ended March 31, 2016		Year ended March 31, 2015	
A	Cash flow from operating activities				
1	- Premium received from policyholders, including advance receipt	88,077,170		73,525,871	
2	- Other receipts (including-environment relief fund & Motor TP pool and Terrorism Pool)	559,883		255,279	
3	- Receipt / (payment) from/to re-insurer net of commissions & claims recovery	(5,834,833)		4,054,329	
4	- Receipt / (payment) from / to co-insurer net of claims recovery	1,878,093		1,045,562	
5	- Payments of claims (net of salvage)	(49,412,253)		(56,171,861)	
6	- Payments of commission and brokerage	(4,206,933)		(3,770,969)	
7	- Payments of other operating expenses*1	(17,668,538)		(13,825,363)	
8	- Preliminary and preoperative expenses	-		-	
9	- Deposits, advances & staff loans (net)	61,338		(171,384)	
10	- Income tax paid (net)	(1,811,683)		(1,234,124)	
11	- Service taxes paid	(6,527,585)		(4,686,212)	
12	- Cash flows before extraordinary items		5,114,659		(978,872)
13	- Cash flows from extraordinary operations		-		-
14	Net cash from operating activities		5,114,659		(978,872)
B	Cash flow from investing activities				
1	- Purchase of fixed assets (including capital advances)	(528,366)		(520,662)	
2	- Proceeds from sale of fixed assets	5,793	(522,573)	4,451	(516,211)
3	- Purchase of investments	(80,314,137)		(83,740,452)	
4	- Loans disbursed	-		-	
5	- Sale of investments	69,269,886		78,508,474	
6	- Repayments received	-		-	
7	- Rent/interest/dividends received	7,200,305		6,821,058	
8	- Investments in money market instruments and liquid mutual fund (net)	1,283,482		1,598,936	
9	- Other payments (Interest on IMTPIP)	-		(962,465)	
10	- Other payments (Advance payment for purchase of real estate)	-		-	
11	- Expenses related to investments	(15,494)		(14,365)	
12	- Other (Deposit received on leasing of premises)	-	(2,575,958)	15,919	2,227,105
13	Net cash from investing activities		(3,098,531)		1,710,894

(₹ in 000's)

		Year ended March 31, 2016	Year ended March 31, 2015
C	Cash flow from financing activities		
1	- Proceeds from issuance of share capital / application money (including share premium & net of share issue expenses)	61,554	121,206
2	- Proceeds from borrowing	-	-
3	- Repayments of borrowing	-	-
4	- Interest / Dividends paid	(1,546,514)	(1,056,028)
5	Net cash from financing activities	(1,484,960)	(934,822)
D	Effect of foreign exchange rates on cash and cash equivalents, net	-	-
E	Net increase/(decrease) in cash and cash equivalents	531,168	(202,800)
1	Cash and cash equivalents at the beginning of the year	1,416,861	1,619,661
2	Cash and cash equivalents at end of the year*2	1,948,029	1,416,861

*1 Includes payments towards Corporate Social Responsibility of ₹ 97,117 thousand (previous year: ₹ 27,756 thousand)

*2 Cash and cash equivalent at the end of the year includes short term deposits of ₹ 420,242 thousand (previous year: ₹ 590,230 thousand), balances with banks in current accounts ₹ 1,291,505 thousand (previous year: ₹ 500,429 thousand) and cash including cheques and stamps in hand amounting to ₹ 236,282 thousand (previous year: ₹ 326,202 thousand)

As per our attached report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants
Firm Regn No: 105049W

Narendra Jain
Partner
Membership No: 048725

Mumbai, April 19, 2016

For **Chaturvedi & Co.**
Chartered Accountants
Firm Regn No: 302137E

SN Chaturvedi
Partner
Membership No: 040479

For and on behalf of the Board

Chanda Kochhar
Chairperson

Dileep Choksi
Director

Alok Kumar Agarwal
Executive Director

Gopal Balachandran
Chief Financial Officer

S. Mukherji
Director

Bhargav Dasgupta
Managing Director & CEO

Sanjeev Mantri
Executive Director

Vikas Mehra
Company Secretary



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