

LIFE INSURANCE

Aditya Birla Sun Life Insurance Company Limited



ADITYA BIRLA
CAPITAL

PROTECTING INVESTING FINANCING ADVISING

BOARD'S REPORT

DEAR MEMBERS,

The Board of Directors of **Aditya Birla Sun Life Insurance Company Limited** ("your Company" or "the Company" or "ABSLI") are pleased to present the **Twentieth** Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2020 ("financial year").

FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Results are as under:

	Standalone (Rs. In Cr)			Consolidated (Rs. In Cr)		
Particulars	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)
Business Performance						
New Business Premium	3,657	3,917	-7%	3,657	3,917	-7%
Renewal Premium	4,353	3,594	21%	4,353	3,594	21%
Total Premium	8,010	7,511	7%	8,010	7,511	7%
Financial Performance						
Income						
Gross premium income	8,010	7,511	7%	8,010	7,511	7%
Reinsurance (net)	-252	-226	12%	-252	-226	12%
Total premium income (net)	7,758	7,285	6%	7,758	7,285	6%
Income from investments						
Policyholders (see note below)	398	3,108	-87%	398	3,108	-87%
Shareholders	183	214	-14%	186	217	-14%
Investment Income	581	3,322	-82%	584	3,325	-82%
Other Income	43	43	0%	43	43	0%
Total Income	8,382	10,650	-21%	8,385	10,653	-21%

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Less:						
Commission	482	449	7%	482	449	7%
Expenses (including depreciation & Service tax)	1,402	1,321	6%	1,409	1,328	6%
Benefits paid (net)	5,550	5,252	6%	5,550	5,252	6%
Provisions for actuarial liability (net)	780	3,478	-78%	780	3,478	-78%
Other Provisions	30	0	100%	30	0	100%
Profit before Tax	138	150	-8%	134	146	-8%
Provision for Tax	34	24	100%	34	24	100%
Profit After Tax for the Current Year	104	126	-17%	100	122	-18%
Share Capital	1,901	1,901	0%	1,901	1,901	0%
Reserve & Surplus	299	271	10%	289	271	7%
Less:						
Debit Balance in Profit and Loss Account	0	72	-100%	0	77	-100%
Net Worth	2,200	2,100	5%	2,190	2,095	5%

(Note: fall in income is largely due to MTM movement in ULIP policyholders and there is corresponding decrease in Reserve)

The above figures are extracted from the Consolidated and Standalone Financial Statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

In accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 on Consolidated Financial Statements, the audited consolidated financial statement forms part of this Annual Report. The detailed Financial Statements as stated above are available on the Company's website at www.adityabirlasunlifeinsurance.com

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ACCOUNTING METHOD

Implementation of Indian Accounting Standards (IND-AS) converged with International Financial Reporting Standards (IFRS)

The Company has prepared the financial statements as per I-GAAP (Indian Generally Accepted Accounting Principles) and IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000. The Insurance Regulatory and Development Authority of India ("IRDAI") vide its circular IRDAI/F&A/CIR/ACTS/023/01/2020 dated January 21st, 2020 has deferred implementation of Ind-AS in the Insurance Sector until finalization of IFRS-17 by IASB.

Accordingly, the circular dated 28th June 2017 hereby, stands withdrawn and the requirement of Proforma Ind AS financial statements being submitted on a quarterly basis by the Company as directed in the circular under reference stands dispensed with.

Since the Accounts of the Company are consolidated with Aditya Birla Capital Limited, the Holding Company to which Ind-AS applies, the Company has also prepared and submitted to Aditya Birla Capital Limited, the financial statements in Ind-AS format for FY 2019-20.

INDUSTRY OVERVIEW

New business premium across the industry saw a sharp decline in the month of Mar'20 due to the lockdown. Individual New Business Premium for the industry de-grew by 50% in the month of March'20 in sharp contrast to a growth of 18% seen till YTD Feb'20. Overall Industry growth during FY'20 in Individual Business was 6% while in group business was 35%.

- For FY'20, in individual business, private players grew by 5% and LIC registered a growth of 8%.
- In Group Life business, private players grew by 19% whereas LIC grew by 39%. The market share of LIC in Group business improved from 78% in FY'19 to 81% in FY'20.
- Your Company witnessed a growth of 10% till YTD Feb'20 in Individual New business. The year ended with a flat Individual New Business Premium despite impact of lockdown in the second fortnight of March 2020. The Company maintained rank at 7th position in Individual business on APE.

**Individual Single Premium @ 10%*

While the global pandemic, volatile nature of capital markets and an economic slowdown are certain to result in revenue loss in the short to medium term, the industry is expected to make a recovery eventually as structural drivers for growth are in place. The Company continues to drive its multi-channel distribution strategy supported by a well-defined Product and Customer Service Strategy. More details on Industry outlook and opportunities are provided in the Management Discussion and Analysis report, which forms part of this Annual Report.

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KEY HIGHLIGHTS

The key performance highlights of the Company during the financial year under review are as follows:

- New business premium was at ₹ 3,657 crore in FY 2019-20 as compared to ₹ 3,917 crore in FY 2018-19, recording a de-growth of 7%. Individual business remained flat at ₹ 1,804 crore in FY 2019-20 from ₹ 1,798 crore in FY 2018-19. (FYP @ 100% Single Premium)
- Renewal premium was at ₹ 4,353 crore in FY 2019-20 as compared to ₹ 3,594 crore in FY 2019-20, recording a growth of 21%. Total Premium increased by 7% to ₹ 8,010 crore in FY 2019-20 from ₹ 7,511 crore in FY 2018-19.
- 13th month premium persistency has improved to 83% in FY 2019-20 from 78% in FY 2018-19.
- Opex to premium ratio at 15.9% in FY 2019-20 (FY 2018-19 – 15.7%). (Opex includes rewards & remuneration to agents & brokers re-classified as commission). This was marginally higher than last year on account of the lower premium growth vs expectation as a result of the lockdown.
- Solvency margin was 1.78 in FY 2019-20 against the regulatory requirement of 1.50.
- Within the Third Party Channel, the Company has tie-up with 8 banks and access to 9,500+ partner branches. Your Company entered into a partnership with Indian Bank during the year. Partnership channel grew by 5% in FY'20 (YTD Feb'20 growth of 14%)
- The Company has been focusing on getting operating leverage in Proprietary channels. FLS productivity has grown at a CAGR of 8% over the last two years. In the proprietary channels, the Company has maintained a protection share of 11% and reduced ULIP mix to 32% from 37% in FY'19.
- As a result of a conscious strategy, Group Business de - grew by 13% with first year premium of ₹ 1,854 crore in FY 2019-20. AUM of Group business grew by 8% to ₹ 11,084 crore in FY 2019-20 from ₹ 10,302 crore in FY 2018-19. This line of business continues to be profitable for the Company.
- The Company's AUM grew by 1.7% to ₹ 41,126 crore in FY 2019-20. For unit-linked funds, the Company delivered superior fund performance consistently beating its internal benchmarks. 96.2% of the funds outperformed their respective benchmarks over the long-term (over 3 years).
- The Company is committed to further improving its profitability by driving a healthy product mix, building the in-force book, managing Opex and driving productivity led distribution.

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- Action plan was implemented to deal with COVID-19 situation and the Management undertook various steps to tactically handle the short and mid-term impact which business may witness as a result of the Pandemic. These initiatives cut across all areas like Distribution, Cost, Operations, Digital and Products, etc.

CLAIMS PHILOSOPHY FOR POLICYHOLDERS

The Company recognizes that claims are an important moment of truth for the franchise and is constantly endeavoring to improve in this area. The Company's claim settlement ratio improved to 97.54% in FY 2019-20 from 97.17% in FY 2018-19 and repudiation ratio reduced to 2.09% in FY 2019-20 from 2.38% in FY 2018-19. 92% of the claims were settled within 5 working days from the date of intimation and receipt of all requirements. The average claim settlement turn-around-time for non-investigation cases improved to 6 days in FY 2019-20 from 8 days in FY 2018-19.

MATERIAL EVENTS DURING THE YEAR

BUSINESS CONTINUITY AMIDST COVID-19

The World Health Organization declared Novel Coronavirus (COVID-19) as a global pandemic on March 11, 2020. The Government of India on March 24, 2020 announced nationwide lockdown in the country for the containment of COVID – 19 initially for 21 days which was further extended until May 17, 2020. Various directions and advisories were issued by State Governments / Public Authorities under the Epidemic Act 1897 against mass gatherings and other measures to reduce public contact for the safety and wellbeing of the public at large, including orders under Disaster Management Act, 2005 ("Act").

Your Company is ISO22301 certified for Business Continuity Management, which ensures a Governance Framework for managing Business Continuity and Disaster Recovery. ABSLI was one of the early companies to go 100% Work From Home ('WFH') a week before lockdown. Amidst the above pandemic and lockdown situation, the Company invoked the Business Continuity Plan ('BCP') and adopted work from home policy to ensure its business operations continues uninterrupted and at the same time ensuring the safety of customers, employees and support staff while managing the requirement of all stakeholders. The Company also set up Crisis Management Committee/War room to assess and evaluate the risks and associated control measures to safeguard the Company and employees from any adverse situations and enabling of digitization and automation for seamless business operations for key functions like policy issuance & servicing, underwriting, claims and Investment function. Flu Prevention Managers were Identified across all regions to monitor and report on employee health. Regular communication in this regard was initiated and sent to employees and customers informing them about the steps being taken to continue their servicing including standards of hygiene and safety practiced by our employees at branches and also promoting self-servicing options like customer care, WhatsApp, bots etc. More details on Company's preparedness and measures adopted is covered under Business Continuity Planning ('BCP') update under Risk Management Section of the Annual Report.

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There was a significant impact of business loss in the month of Mar' 20 due to lockdown. However, as a result of Business Continuity Planning preparedness, the Company was able to onboard new customers and wrote individual new business premium (Single Premium adjusted for 10%) of Rs 50.1 Crores in April' 20 and Rs. 209.3 Crores New Business Premium (Single Premium at 100%) in Group Business and continues to service the policies/policyholders digitally demonstration resilience in this unprecedented situation. We ensured continuous commitment and support to avoid any service lapse to any customers during this period. The Company was able to process claims timely and focused on digital fulfilment of renewals also. The Company has also done detailed impact assessment due to COVID'19 on reported earnings, Financial results and solvency position of the Company and suitable disclosures as applicable have been included in the Annual Accounts. More details on impact on business and Company's strategy to deal with Covid-19 situation is covered in Management Discussion Analysis report forming part of the Annual Report.

HOLDING COMPANIES/ SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES COMPANIES

Holding Company

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company of your Company and Aditya Birla Capital Limited continues to be the Holding Company of your Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed on the Bombay Stock Exchange and National Stock Exchange.

As per clause 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is considered as a Material Subsidiary Company of Aditya Birla Capital Limited.

Subsidiary Company

Aditya Birla Sun Life Pension Management Limited (formerly known as Birla Sun Life Pension Management Limited) (ABSLPML) ('Pension Company') continues to be a wholly owned subsidiary of the Company.

JOINT VENTURES/ ASSOCIATE COMPANY

The Company does not have any Joint Venture/Associate Company during the financial year under review.

TRANSFER TO RESERVES

The Company has not transferred any amount to any reserves during the financial year under review.

DIVIDEND

Your Directors do not recommend any dividend for the financial year under review.

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SHARE CAPITAL

The Company's paid up Equity Share Capital as on March 31, 2020 was ₹ 1,901 crore.

DEPOSITORY

As on March 31, 2020, out of the Company's total equity paid-up share capital comprising of 190,12,08,000 Equity Shares of which 140,68,93,920 Equity Shares (representing 74%) were held in dematerialized mode.

PUBLIC DEPOSITS

The Company being an Insurance Company has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Act read with the rules framed thereunder.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure I** to this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was Rs. 9.29 crore as compared to Rs. 6.88 crore, during the previous financial year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report, excluding the impact of spread of Covid-19 pandemic, and its impact on financial position of the Company which is still unfolding.

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CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company, to create long term wealth in the hands of employees and act as a retention tool.

In view of the above, Aditya Birla Capital Limited had formulated “**Aditya Birla Capital Limited Employee Stock Option Scheme 2017**” (“Scheme 2017”) for the employees of the Company and its Subsidiaries.

The shareholders of Aditya Birla Capital Limited had also extended the benefits and coverage of the Scheme 2017 to the employees of Subsidiary Companies of Aditya Birla Capital Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year under review, is presented as a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE REPORT

A separate report on Corporate Governance is attached as **Annexure II**, which forms part of this Report. In compliance with “Guidelines on Corporate Governance for Insurers in India (“CG Guidelines”) issued by IRDAI, a Compliance Certificate issued by the Compliance Officer forms part of the Corporate Governance Report.

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARY

Aditya Birla Sun Life Pension Management Limited (ABSLPML) is a wholly owned subsidiary of the Company. During the financial year under review, ABSLPML has mobilised ₹ 150.09 crore of Assets under Management. The total income of ABSLPML was ₹ 2.68 crore and total loss after tax was ₹ 3.76 crore. The return on funds managed by ABSLPML were in top quartile for both of the equity scheme and Tier I of corporate bond scheme, second quartile for Tier II of corporate bond scheme and third quartile for both of the government bond scheme during the financial year under review. ABSLPML closed the fiscal with AUA of Rs. 27.04 crore with corporate subscriber of 1270.

A report on the performance and financial position of the Company’s Subsidiary as per the Section 129(3) of the Act and the rules made thereunder in the prescribed Form AOC-1 is attached as Annexure III of this Report.

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In accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 on Consolidated Financial Statements, the audited consolidated financial statement forms part of this Annual Report.

The Financial Statements of the Subsidiary Company and all other documents required to be attached thereto are available on the Company's website at www.adityabirlasunlifeinsurance.com

RISK MANAGEMENT

Over the years, Aditya Birla Sun Life Insurance Company Limited ('ABSLI') has built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The Company was able to face up to the unprecedented challenges during the last year and emerge as a strong and stable organization during turbulent times.

Risk Management is an essential function at Aditya Birla Sun Life Insurance Company Limited. The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, assess and mitigate the key business risks. Aligned with the business planning process, ERM framework covers all business risks including strategic risk, operational risks, investment risks, cyber risks and insurance risks. The key business risks identified by the Board's Risk Management Committee are monitored by the Risk Management team and thereafter reported separately to its Risk Management Committee.

ABSLI has in place an Operational Risk Management framework to manage risks that may arise from inadequate or failed internal processes, people, systems, or external events. To manage and control operational risk, the Company uses various tools including self-assessments, operational risk event management, continuous controls monitoring (CCM) and key risk indicator monitoring.

As a process, Key Risk Indicators are identified for each risk category and these are monitored on a periodic basis by the Risk Management function. The Company also assesses and monitors fraud risks to design and implement controls in required process areas.

ABSLI recognizes that information is a critical business asset and accordingly, ABSLI has an information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organization. This framework has been certified on ISO 27001 standard since last many years and meets all Regulatory requirements.

The Company has implemented state of the art preventive and monitoring tools. The preventive tools include setting up of Firewalls, Intrusion Prevention System (IPS), system of VAPT testing of applications etc. This is supported by monitoring tools which helps in online monitoring and prevention of any cyber-attacks.

The prevention and monitoring process is further complemented by a system of periodic Vendor Audits and Information Security Risk Assessments audits. During the last year, there was a significant increase in adoption of digital technologies by ABSLI and an increasing exposure to cyber risks.

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The Risk Management function played the dual role of Business enabler and also a watchdog for mitigating cyber threats.

The Company has a Board approved policy for Reinsurance in place. The insurance risks are managed and wherever required transferred by developing appropriate Reinsurance strategies. The reinsurance is used as risk transfer tool and the risk is managed through an annual Reinsurance plan.

ABSLI Investments Function is reviewed by the Investment Committee and the Asset Liability Management Committee appointed by the Board of Directors. Investment Policy and Operating Guidelines laid down by the Board provide the framework for management and mitigation of the risks associated with investments including adopting various strategies for mitigation of interest rate risk through hedging interest rate risk. Asset Liability Policy and various ALM strategies are adopted to ensure adequate Asset Liability Management and reviewing of key methodologies and assumptions.

The Company monitors the capital and solvency margin requirement to ensure adherence to stipulated requirements.

Strategic risks such as changes in operating environment, technology, economy and the industry are monitored by the Company through its strategic planning process. The Strategic risks are also reported to the Risk Management Committee.

A synopsis of key Risk policies and framework is attached as Annexure IV to this report.

BUSINESS CONTINUITY

ABSLI has a robust Business Continuity framework to ensure resumption of time sensitive activities within a defined timeframe. The Company's Business Continuity Management System is certified against the global standard ISO 22301.

Towards the end of last financial year, the unprecedented outbreak of Coronavirus (COVID-19) presented a unique challenge to all industries and companies. The Company proactively invoked its Business Continuity Plan, which was modified to take care of the evolving situation and a Pandemic Plan was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines.

To manage the impact of the pandemic on ABSLI, a Crisis Management Team (CMT) and a war room comprising of Leadership Team members and led by the CEO of ABSLI was formed. The program was managed by the Chief Risk and Compliance Officer, Head – Human Resources & Training with the support of other Leadership Team members. The CMT had daily meetings to monitor the emerging crisis and take appropriate actions.

The Risk team coordinated with various Business functions to implement the Work-from-Home (WFH) plan for employees to ensure Business Continuity and servicing of Customers without dilution of controls. Employees' health and safety was accorded top priority.

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Various steps were taken well before the lockdown to reduce congestion in office, maintain social distancing and enabling work from home for the employees. Critical processes were identified, reviewed for work from home scenario and wherever required alternate set of controls were instituted.

The work from home plan was tested well in advance and glitches ironed out. After announcement of lockdown, WFH was fully enabled for all employees. A detailed customer communication and connect strategy was developed, for both the customers and employees.

The Company encouraged customers and employees to stay safe with our SAHI (Stay At Home India) campaign. Dedicated helpline number was made available to policyholders and other stakeholders for any assistance required. Digital servicing was propagated to customers and we involved all our Branch personnel to support customers not just for new business but also for their servicing needs through proactive communication.

The Company also gave top priority to claims servicing for its customers. Separate Email ID was created for claim intimations, which is regularly monitored.

The Company used the time available to train its sales force, employees, agents/ partners etc. on various tools and soft skills to equip them on the new norm of remote working. These programs were well received and enabled the front-end team to connect with customers during the lockdown. It is expected that the investments in training will help the Company to improve efficiency and also enable faster return to normalcy.

The Company is constantly monitoring the COVID related claims experience, and overall claims were well within manageable levels.

The Company has periodically updated the Risk Management Committee and Board on recent developments and taken their advice and guidance. The Company has been in periodic engagement with the Regulator directly and through the industry forum (Life Insurance Council) on this matter.

As the COVID-19 pandemic continues to evolve, the efforts of Risk Management will be to support an effective return to work while ensuring safety of employees and customers. The Company expects the challenging times to continue for the next few months. However, it is well prepared to ensure stabilization and Business continuity.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts / arrangements / transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis and were not considered material as per the provision of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Related Party Transaction Policy of the Company. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014 is not applicable.

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All related party transactions have been approved by the Audit Committee of your Company and are reviewed on a periodic basis in accordance with the Related Party Transaction Policy.

The details of contracts and arrangements with related parties of your Company for the financial year under review, are given in Notes to the Standalone Financial Statements, forming part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website at www.adityabirlasunlifeinsurance.com

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that, the Company has laid down standards, processes and structure which enables it to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the financial year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inefficiency or inadequacy of such controls.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The purpose, authority and responsibility of the internal audit function are formally defined in the internal audit charter which is periodically reviewed and any key amendments are presented to the Board for approval. To provide for the independence of the internal audit function, the Head Internal Audit, functionally reports to the Audit Committee.

The internal audit plan is developed based on the risk profile of business activities of the organization. The audit plan covers process audits at the head office and across various branches of the organization. The audits are carried out by an independent external firm, the in-house internal audit team and by audit team of the promoters of the Company. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

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DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of your Company state that:-

- i) in the preparation of the Annual Accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed and there were no material departures from the same;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for financial year ended on that date;
- iii) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) the Directors had prepared the Annual Accounts on a 'going concern basis';
- v) the Directors had laid down Internal Financial Controls and that such Internal Financial Controls were adequate and were operating effectively; and
- vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment/Resignation of Directors

As on March 31, 2020, the Board of Directors of your Company ("the Board") comprised of 11 (Eleven) Directors, wherein there are 7 (Seven) Non-Executive Directors including 1 (One) Woman Director, 3 (Three) Independent Directors and 1 (One) Managing Director & CEO. Your Directors on the Board possess the requisite experience and competency and are renowned in their respective fields. All Directors are liable to retire by rotation except Independent Directors and MD & CEO, whose term of office is for a term of 5 years.

During the period under review, Mr. Pankaj Razdan (DIN: 00061240), took early retirement from the Services of the Company and ceased from the position of Managing Director & CEO w.e.f. August 5, 2019. Mr. Kamlesh Rao (DIN: 07665616), was appointed as an additional director and designated as Managing Director and Chief Executive Officer (MD & CEO) of the Company with effect from August 19, 2019 for a period of 5 (Five) years. Pursuant to the provisions of Section 34A of the Insurance Act 1938, IRDAI vide its letter No. IRDA/Life/2019-20/162 dated August 29, 2019, approved the appointment of Mr. Kamlesh Rao (DIN: 07665616) as MD & CEO of the Company for a term of 5 (Five) years with effect from August 19, 2019. Accordingly, the Board recommends his appointment by the members at the ensuing AGM.

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Mr. Claude Accum (DIN: 07882135) resigned as Director of the Company w.e.f. January 24, 2020. Mr. Leo Grepin (DIN: 08674016) was appointed as an Additional Director of the Company w.e.f. January 24, 2020 and is eligible for re-appointment at the ensuing AGM. The Board recommends his appointment. Mr. Haigreva Khaitan (DIN: 00005290) was re-appointed as Independent Director for second term for a period of 5 years effective January 30, 2020.

All these changes in directors were informed to IRDAI and required forms / return about their appointment / resignation was filed with Ministry of Corporate Affairs ('MCA') within the statutory time period.

Retirement by Rotation

As per the provisions of the Companies Act, 2013, Mr. Colm Freyne (DIN: 07627357) and Ms. Pinky Mehta (DIN: 00020429) retire from the Board by rotation this year and being eligible, offer themselves for re-appointment at the 20th Annual General Meeting of the Company. A detailed profile of the Directors seeking appointment/re-appointment is provided in the Notice of the 20th Annual General Meeting of the Company.

Declaration by Independent Directors

Pursuant to Section 149 (7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149 (6) of the Act and have submitted their respective declarations as required under Section 149 (7) of the Act.

The Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 effective from December 1, 2019 require the Independent Directors for inclusion of their name with the Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

In compliance with Rule 1 and Rule 2 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Independent Directors has submitted a declaration that they have inducted their names in the Independent Director's Databank.

Key Managerial Personnel/ Key Management Persons

In terms of the provisions of Sections 2 (51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company as on March 31, 2020:

- Mr. Kamlesh Rao (Managing Director & Chief Executive Officer)
- Mr. Amit Jain (Chief Financial Officer)
- Mr. Amber Gupta (Head - Legal & Company Secretary)

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In terms of the provisions of CG Guidelines issued by IRDAI, the following employees were holding the position of Key Management Person of the Company as on March 31, 2020

- Mr. Kamlesh Rao (Managing Director & Chief Executive Officer)
- Mr. Amit Jain (Chief Financial Officer)
- Mr. Anilkumar Singh (Chief Actuarial Officer)
- Mr. Ashok Suvarna (Chief Operating Officer)
- Mr. Parag Raja (Chief Distribution Officer)
- Mr. Amber Gupta (Head - Legal & Company Secretary)
- Mr. Ajay Vernekar (Chief Technology Officer)
- Mr. Deven Sangoi (Chief Investment Officer - Equity)
- Mr. Devendra Singhvi (Chief Investment Officer - Debt)
- Mr. Jaimit Doshi (Head- Marketing & Digital)
- Mr. Shailendra Kothavale (Chief Compliance & Risk Officer)
- Ms. Shobha Ratna (Head - HR & Training)

During the year, the following changes took place in KMPs:

Mr. Ashim Chatterjee resigned as Head Marketing and Mr. Jaimit Joshi was appointed as Head Marketing & Digital; Mr. Parag Raja resigned as Chief Distribution officer and Mr. Ashok Suvarna took over as Chief Distribution officer of the Company effective April 1, 2020. All these changes in KMPs were informed to IRDAI.

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of your Company comprises of contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of your Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board of Directors had carried out an annual performance evaluation of the performance of various Committees of the Board, individual Directors and the Chairman. The manner in which the evaluation had been carried out had been set out in the Corporate Governance Report, which forms part of this Annual Report.

MEETINGS OF THE BOARD AND ITS COMMITTEES

BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 5 (five) times. The meetings of the Board were held on April 26, 2019, July 2, 2019, July 25, 2019, October 23, 2019 and January 23, 2020. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

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AUDIT COMMITTEE

Your Company has constituted an Audit Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act read with CG Guidelines issued by IRDAI. During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations.

In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board. Further details on the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a duly constituted Nomination and Remuneration Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act. Further details on the Nomination and Remuneration Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

The Nomination and Remuneration Committee has formulated a policy on remuneration under the provisions of Section 178 (3) of the Act and the same is attached as **Annexure V** to this report.

OTHER COMMITTEES

The Board of Directors has also constituted the following Committees under the relevant provisions of the Companies Act, 2013 read with CG Guidelines issued by IRDAI:

- Asset Liability Management Committee
- Corporate Social Responsibility Committee
- Investment Committee
- Policyholders' Protection Committee
- Risk Management Committee
- With Profits Committee

Details of all the other Committees of the Board are provided in the Corporate Governance Report, which forms part of this Annual Report.

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EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act as amended by the Companies (Amendment) Act, 2017, the extract of annual return for the financial year ended March 31, 2020 in Form MGT-9 under the provisions of 92(3) of the Act has been attached to this report as **Annexure VI** and uploaded on the website of the Company at www.adityabirlasunlifeinsurance.com.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

M/s. S. B. Billimoria & Co., Chartered Accountants (Firm Registration No. 101496W) were appointed as the Joint Statutory Auditors of the Company to hold office from the conclusion of 15th (Fifteen) Annual General Meeting ('AGM') until the conclusion of the ensuing 20th (twentieth) AGM of the Company and their tenure of appointment will be completed in this ensuing 20th Annual General Meeting.

The Audit Committee and Board of Directors had recommended to the shareholders of the Company the re-appointment of M/s. S. B. Billimoria & Co., Chartered Accountants (Registration No.101496W) as Joint Statutory Auditors of the Company to hold office for second term of five years from the conclusion of the ensuing 20th Annual General Meeting until the conclusion of 25th AGM of the Company.

M/s. Haribhakti & Co. LLP, Chartered Accountants (Firm Registration No. 103523W) were appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of 19th (Nineteenth) AGM until the conclusion of the 24th (Twenty Fourth) AGM of the Company. Pursuant to the amendments to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification by the Members for the appointment of the Statutory Auditors has been withdrawn from the Act. In view of the same, ratification by the Members for appointment of M/s. Haribhakti & Co. LLP, as Joint Statutory Auditors of the Company for FY 2020-21 at this ensuing 20th Annual General Meeting is not being sought. Accordingly, M/s. Haribhakti & Co. LLP, Chartered Accountants shall continue to be the Joint Statutory Auditors of the Company for FY 2020-21.

The Company has received the certificates from the aforesaid auditors confirming their eligibility, independence and willingness for appointment pursuant to Section 139 (1) of the Companies Act, 2013 and as per the requirement stipulated under CG Guidelines issued by IRDAI.

The observation(s) made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. Under Section 143(12) of the Act, the Statutory Auditors have not reported to the Audit Committee/ Board of Directors any incidents of fraud during the financial year under review.

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SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204 (1) of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MMJB & Associates LLP, Company Secretaries to conduct the secretarial audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review as received from M/s. MMJB & Associates LLP, Company Secretaries is attached as **Annexure VII** to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has a Corporate Social Responsibility (CSR) Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at www.adityabirlasunlifeinsurance.com

As a part of its initiatives under CSR, the Company has undertaken projects in the areas of Health, Education, Livelihood and Rural Development. These projects are also in line with the statutory requirements under the Companies Act, 2013 and its CSR Policy. During the year under review, the Company has spent /contributed a sum of Rs. 2.76 Crore towards CSR projects and there was no amount which was unspent during FY 2019-20. The required disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as **Annexure VIII** to this report.

Further details on the CSR Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

In compliance with the provisions of Section 177 (9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated a vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report which forms part of the Annual Report. Whistle Blower Policy is available on the Company's website at: www.adityabirlasunlifeinsurance.com

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POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year under review, there was 2 (two) case reported under this policy and disposed after due investigation process as per policy.

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES

During the financial year under review, your Company continued its journey of developing the human resources of the firm along with the objectives of increasing employee productivity and engagement with the firm. Over the last one year, the Human Resource team has contributed significantly in reducing attrition and improving productivity and supporting the business in identifying and grooming leaders across of the Company. With an unswerving focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioural and leadership training programs as well as on the job training to enable employees to constantly upgrade their skills. The Human Resources function over the last one year also has travelled a significant distance in digitization of all employee facing processes and now all human resource processes are available to employees on their handphones. This has ensured significant ease of access for the individual employee as well as helped the Human Resource function to deliver its services to the employees in a faster and more efficient manner. The Company's total workforce stood at 13,042 as at March 31, 2020 against 10,922 as at March 31, 2019.

SECRETARIAL STANDARDS OF ICSI

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) to the extent applicable.

AWARDS AND CERTIFICATIONS

During the financial year under review, your Company has been felicitated with awards and recognitions across various functional areas. Some of these were:

- Golden Peacock Award for Excellence in Corporate Governance 2019 instituted by Institute of Directors, Delhi (IOD).
- Par-Excellence Award for Legal Risk Mitigation by the National Convention on Quality Concepts 2019.

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- Six Sigma projects namely "Improvement in TAT adherence for Legal Risk Mitigation processes" and "BSG UAT Automation" where we emerged as the National level winners in the NNQC Forum 2019.
- The Confederation of Indian Industry (CII) conferred to ABSLI two awards in a two-day national competition on low cost automation, digitization and robotics. The Company won a Silver and a Bronze for two of its projects - "Enriching Customer Experience by the Customer Service Team" and "UAT Automation by Team BSG", respectively.
- Economic Times BFSI (ETBFSI) Excellence Award 2019, where an initiative by ABSLI under the aegis "Client for Life" was recognised as the Best Customer Engagement Innovator of the Year.
- ABSLI received 10 Gold and 1 Silver for various projects at the Quality Circle Forum of India – Mumbai Chapter with the convention theme 'Quality Concepts for Cultural Breakthrough'.
- Most Effective Recruitment & Retention Strategy Award for designing and implementing the hiring strategy across all levels of the organization during the 3rd Employee Engagement Leadership Summit 2019, conceived and managed by Kamikaze, B2B Media.
- Cyber Security Initiative of the year at the ERM World Summit & Awards 2019. The award recognized the maturity that the Company displayed in its various cyber security initiatives round the year.
- Best Fraud Intelligence Insurance Company of the year" at the Insurance India Summit and Awards 2019 for the second consecutive year.
- Domestic Life Insurer of the Year – India 2019 by Insurance Asia Awards
- Project "Salahkar" by Revenue Assurance recognized as First Runner up in PERP 2019 by Frost & Sullivan, under the category Customer Value Leadership – Service Sector
- Six sigma Project "DM Persistency" recognized as 2nd Runner up in the 31st QIMPRO convention held in the year 2019
- Best Customer Service Initiative in Insurance in 2019 by Kamikaze

OTHER DISCLOSURES

In terms of applicable provisions of the Act, your Company discloses that during the financial year under review that:

- i. there was no issue of share (including sweat equity share) to employees of the Company under any scheme save and except under Employee Stock Option Schemes referred to in this Report.
- ii. there was no Scheme for provision of money for the purchase of its own share by employees or by trustees for the benefit of employees.
- iii. there was no rights issue, bonus issue or preferential issue, etc.
- iv. there was no Issue of shares with differential rights
- v. there was no transfer of share of the Company
- vi. there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund
- vii. there were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.
- viii. there was no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016
- ix. there was no failure to implement any Corporate Action

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TRANSFER OF UNCLAIMED AMOUNT OF POLICYHOLDERS TO NATIONAL SENIOR CITIZEN WELFARE FUND

Pursuant to IRDAI circular no. IRDA/F&A/CIR/MISC/105/07/2018 dated July 11, 2018, an unclaimed amount (exceeding more than 10 years) of ₹ 8,25,90,933/- (net off ₹ 2,23,711 paid to the Policyholders) has been transferred to National Senior Citizen Welfare Fund. The age-wise analysis of unclaimed amounts is disclosed in the Note No. 25 to the Standalone Financial Statements forming part of this Annual Report.

CUSTOMER GRIEVANCE REDRESSAL

The Grievance Redressal Guidelines issued by IRDAI has established uniformity in the insurance industry in terms of definitions, timeframes for complaint resolution and classifications of complaints. In accordance with the Grievance Redressal Guidelines, the revised policy has been laid down in January 2020. The Company has a Grievance Redressal Committee ('GRC'), which is headed by an independent Chairman Mr. N. N. Jambusaria (ex-Chairman, LIC). GRC meets periodically and decides on complaints and claims representations from policyholders. The Chief Operations Officer, Chief Risk & Compliance Officer, Head – Legal, Head - Customer Service/Central Operation and Head - Underwriting & Claims are the members of the Committee. Representatives from the concerned sales channels are invited to attend these meetings to provide clarifications and answer any queries the Committee may raise. Adequate steps are undertaken to provide awareness among customers about Grievance Redressal and the escalation matrix.

Grievances received by the Company are reported on 'Integrated Grievance Redressal Management System' (IRDAI - IGMS) online and a reverse feed also gets downloaded for complaints registered by customers on IGMS against the Company. Grievance Redressal team has been empowered to take decisions for ensuring effective resolution of customer complaints. During the year 63 number of cases was reviewed by the Committee which includes claim, non-claims, complaints and review cases.

MANAGERIAL REMUNERATION

Remuneration (sitting fees) paid to Independent Directors and elements of remuneration package (including incentives) of MD & CEO and Key Management Persons as per CG Guidelines and the disclosures pursuant to guidelines on remuneration of Non-Executive Directors and Managing Director/Chief Executive Officer/Whole-Time Directors of Insurance Companies issued by IRDAI are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

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OTHER STATUTORY INFORMATION

Management Report

Pursuant to the provisions of Regulation 3 of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2000, the Management Report forms part of this Annual Report.

Appointed Actuary's Certificate

The certificate of the Appointed Actuary is attached to the Financial Statements.

Certificate from Compliance Officer (under CG Guidelines issued by IRDAI)

In compliance with CG Guidelines issued by IRDAI, a Compliance Certificate issued by the Company Secretary, designated as the Compliance Officer under CG Guidelines, is attached to the Corporate Governance Report, which forms part of this Annual Report.

Solvency Margin

The Directors are pleased to report that the assets of the Company are higher than its liabilities with a solvency margin of 1.78 in FY 2019-20, which is above the minimum solvency margin level of 1.50, as specified in Section 64VA of the Insurance Act, 1938 read with the IRDAI (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000. As per the directives of IRDAI Circular no.: IRDA/F&A/CIR/MISC/099/04/2020 dated April 24, 2020, the Company maintains the capital availability and solvency position of the Company for the financial year 2020-21 and there is no material impact on the Company in relation to maintaining the capital adequacy and solvency position of the Company and managing of expense of management.

ACKNOWLEDGEMENTS

Your Board places on record its heartfelt appreciation of the dedicated efforts put in by employees of the Company at all levels. The results of the year are testimony to their hard work and commitment.

Your Board takes this opportunity to express sincere thanks to its valued customers for their continued patronage.

Your Board also acknowledges the contribution of its insurance advisors, partner banks, corporate brokers/agents and intermediaries, training institutes and business and technology partners, the Registrars, Depositories, reinsurers, underwriters and other insurance intermediaries, who have always supported and helped the Company to achieve its objectives.

Your Board would like to thank the Aditya Birla Group and Sun Life Financial Inc., for their constant support, guidance and co-operation.

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Your Board would also like to express its gratitude for the valuable advice, guidance, and support received from time to time from the Insurance Regulatory and Development Authority of India, the Auditors and the other statutory authorities and look forward to their continued support in future.

**By order of the Board of Directors
For Aditya Birla Sun Life Insurance Company Limited**

Mumbai, May 15, 2020

**Sd/-
Ajay Srinivasan
Director
(DIN No. 00121181)**

**Sd/-
Kamlesh Rao
Managing Director & CEO
(DIN No. 07665616)**

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ANNEXURE I

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (A) & (B) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A. CONSERVATION OF ENERGY	
(i) the steps taken or impact on conservation of energy;	<p>Implemented Desktop-as-a-Service solution using Citrix virtual desktop infrastructure (VDI) on Microsoft Azure cloud to 2,700 users across 200 branches. Remote end access was provisioned using Dell Wyse thin clients which further help in the conservation of energy.</p> <p>Key benefits:</p> <ul style="list-style-type: none"> • Reduction in power consumption & Promote Green IT: Power consumption in virtual desktops is significantly low. For instance, a desktop computer consumes around 150 Watts electric power compared to virtual desktop with electricity consumption less than 20 Watts. Reduced electricity consumption reduces energy costs – overhead savings for the company. This benefit also results in low carbon footprint and emissions. <p>Other benefits:</p> <ul style="list-style-type: none"> • Resource & Time Saving: Time of deploying IT assets in branches has come down from 15 days to around 1 day, which is directly proportional to increase in employee productivity • Ease of IT Management: Reduction in the number of support calls (Reduced by 8% just within 15 days of launch and by 14% in March as compared to pre-Citrix era) • Projected overall savings (Capex & Opex) of Rs. 17.71 Mn in the first year • Mobility in its true sense: Anytime, any branch access enabled ABSLI Sales & Operations to access data and IT applications seamlessly across branch locations • Secured IT assets & infrastructure: Prevention of leakage and misuse of data • Complete visibility of monthly outgoings: Pay-as-you-go model for cloud
(ii) the steps taken by the company for utilizing alternate sources of energy;	N.A.
(iii) the capital investment on energy conservation equipment's;	<ul style="list-style-type: none"> • Rs. 78 Mn (absolute value) on capital expenses for virtual desktops as compared to physical desktops (9% absolute savings)

	<ul style="list-style-type: none"> The Citrix implementation on Microsoft Azure cloud will be a big contributor from cost save perspective for the Company. We are expecting minimum save of Rs. 10 Mn over next 5 years.
B. TECHNOLOGY ABSORPTION	
(i) The efforts made towards technology absorption	<ol style="list-style-type: none"> Integration with HDFC Bank to generate revenue through HDFC Bank customers by the way of innovative solutions Foster conversation-based ecosystem across all user and employee touchpoints by the way of chatbots, WhatsApp and multi-lingual support Redesign of Product setup & standardization of Product configuration that greatly enhances our time to market from 6 weeks to just 1 week Implementation of policy admin system for Group business on cloud resulted into faster time to market and reduction of cost of maintaining existing system Adoption of Multi Cloud Hybrid Strategy: We already have workload running out of AWS and Azure which integrate with on premises application. Cloud can play instrumental role in achieving business growth by 10X or more with n demand infrastructure scalability
(ii) The benefits derived as a result of the above efforts (eg. Product improvements, cost reduction, product development, import substitution, etc.)	<ol style="list-style-type: none"> Integration with HDFC Bank <ul style="list-style-type: none"> Seamless customer On-boarding and big boost in persistency paperless journey and overall enhanced customer journey experience Conversation-based Ecosystem <ul style="list-style-type: none"> Increased adoption of chatbot: User interactions increased from 136K in Q3 of FY18-19 to 504K in Q3 of FY19-20 Increased adoption of WhatsApp: User interactions increased from 17K in Q4 of FY18-19 to 179K in Q3 of FY19-20 Enhance customer experience leading to increase in conversion rates, revenue, new customers and customer satisfaction Reduce service call center Facilitate 24X7 support

	<p>3. Redesign of Product setup & standardization of Product configuration</p> <ul style="list-style-type: none"> • Significant improvement in time to market – From 6 weeks to 1 week • Built capability to manage old/ new products work-in-progress through introduction of login date • Standardized product set-up to optimize efforts and time • Creating templates in e-app basis product categories • Centralizing product / business rules in PX and BPM <p>4. Policy admin system for Group business on cloud</p> <ul style="list-style-type: none"> • Faster Time to Market: Reduction in product setup timelines for Term business from current 12-15 weeks to 5-6 weeks • Cloud based solution resulting into significant Cost savings and reduction in maintenance cost • Replacement of legacy system with new age PAS • A single robust system having ability to integrate across platforms and amenable to digitization • Scalability through tie-ups with Fintech platforms • Self-service enabled for members <p>5. Multi Cloud Hybrid Strategy</p> <ul style="list-style-type: none"> • Already live with AWS and Azure • VDI and O365 workloads are running out of Azure while Business workloads are running out of AWS • Already live with Policy Admin system for Group Business • • • Technology Infrastructure can be scaled on need basis enabling business growth multifold • Infrastructure cost optimization with pay as you use model. Volumes will further optimize cost. • Faster time to market application and reduced Data Center Carbon Footprint
(iii) Particulars of imported technology in the last three years (reckoned from beginning of the financial year)	N.A.
a) Details of technology imported	N.A.
b) Year of import	N.A.

c) Has technology been fully absorbed	N.A.
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
(iv) the expenditure incurred on Research and Development.	N.A.

For Aditya Birla Sun Life Insurance Company Limited

Sd/-

Ajay Srinivasan
Director
(DIN - 00121181)

Sd/-

Kamlesh Rao
Managing Director and CEO
(DIN No. 00012813)

Mumbai, May 15, 2020

Corporate Governance Report

Philosophy of Corporate Governance

Corporate Governance involves a set of relationships between a Company's Management, its Board, its Shareholders and other Stakeholders with an objective of 'enhancement of long term shareholder value, while at the same time protecting the interest of all stakeholders (investors, customers, employees, vendors, government and society at large) and ensuring adherence to the applicable laws.

Good Corporate Governance consists of a system of structuring, operating and controlling a Company such as to achieve the following:

- a culture based on a foundation of sound business ethics
- fulfilling the long-term strategic goal of the owners while taking into account the expectations of all the key stakeholders, and in particular:
 - consider and care for the interests of employees, past, present and future
 - work to maintain excellent relations with both customers and suppliers
 - take account of the needs of the environment and the local community
- maintaining proper compliance with all the applicable legal and regulatory requirements under which the Company is carrying out its activities.

The philosophy and objective of Corporate Governance at Aditya Birla Sun Life Insurance Company Limited ("Company") is "about working ethically and finding a balance between economic and social goals including the ability to function profitably while complying with the applicable laws, rules and regulations."

The Company is committed to uphold the core values of transparency, integrity, honesty and accountability. This commitment lays the foundation for further development of superior governance practices, which are vital for growing a successful business, creating sustainable long-term shareholder value and balancing it with the interests of other stakeholders in the Company. It is not a discipline necessarily imposed by a regulator rather a culture that guides the Board, the Management and employees to function towards the best interest of the various stakeholders.

REPORTING UNDER CORPORATE GOVERNANCE GUIDELINES

The Company is an unlisted Public Company and consequently the provisions relating to Corporate Governance as mentioned in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') are not applicable. However, the Company makes the following reporting / disclosures to the extent applicable and as specified under Guidelines for Corporate Governance for Insurers In India ("CG Guidelines") issued by Insurance Regulatory and Development Authority of India ("IRDAI") on May 18, 2016.

I. Board of Directors ("Board")

The Company's Board comprises of adequate mix of Independent Directors, Non-Executive Directors and Executive Director.

The Board takes the responsibility to set strategic objectives for the Management and to ensure that the long-term interests of all stakeholders are served by adhering to and enforcing the principles of sound Corporate Governance.

The Company's Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assessing them from the standpoint of the stakeholders of the Company.

Composition of Board:

The Board of Directors of the Company comprised of 11 (Eleven) Directors, wherein there are 7 (Seven) Non-Executive Directors including 1 (One) Woman Director, 3 (Three) Independent Directors and 1 (one) Managing Director & CEO. The current Chairman of the Board, Mr. Kumar Mangalam Birla, is a Non-Executive Director.

Composition of Board and details of Directorships / Committee Membership

The composition of Board, their Directorships / Committee Memberships and Chairmanships (excluding the Company) during the year were as under:

Sr. No.	Name of Director	Designation / Category	No. of other Directorship(s) in other Public Companies*	No. of Committees**	
				As Member	As Chairman/ Chairperson
1	Mr. Kumar Mangalam Birla	Non-Executive Director (Chairman)	8	-	-
2	Mr. Ajay Srinivasan	Non-Executive Director	5	4	1
3	Mr. Bishwanath Puranmalka	Non-Executive Director	1	-	-
4	Mrs. Pinky Mehta	Non-Executive Director	5	-	-
5	Mr. Sandeep Asthana	Non-Executive Director	2	1	-
6	Mr. Colm Freyne	Non-Executive Director	1	-	-
7	Mr. Claude Accum ¹	Non-Executive Director	1	-	-
8	Mr. Leo Grepin ²	Non-Executive Director	-	-	-
9	Mr. Shobhan Thakore	Non-Executive Director (Independent)	7	6	1

10	Mr. Haigreve Khaitan	Non-Executive Director (Independent)	7	2	1
11	Mr. Arun Adhikari	Non-Executive Director (Independent)	4	1	-
12	Mr. Pankaj Razdan ³	Managing Director & CEO	1	1	-
13	Mr. Kamlesh Rao ⁴	Managing Director & CEO	1	1	-

1. Resigned w.e.f. January 24, 2020
2. Appointed w.e.f. January 24, 2020
3. Resigned w.e.f. August 5, 2019
4. Appointed w.e.f. August 19, 2019

* *Excluding alternate directorships and directorships in foreign companies and companies under Section 8 of the Companies Act, 2013.*

** *Only Audit Committee and Stakeholders Relationship Committee of all public limited companies (whether listed or not) have been considered for the purpose of the Committee positions (membership and chairmanship).*

Brief Profile of Directors during the year

Sr. No.	Name of Director	Qualification	Field of Specialisation
1	Mr. Kumar Mangalam Birla	Chartered Accountant and MBA from the London Business School, London	Industrialist
2	Mr. Ajay Srinivasan	BA with Honours in Economics from St. Stephens College, University of Delhi and MBA from the Indian Institute of Management, Ahmedabad	Banking & Financial Services
3	Mr. Bishwanath Puranmalka	Chartered Accountant, Company Secretary and Bachelor of Law and Bachelor of Commerce	Banking, Services & Financial Corporate Laws
4	Mrs. Pinky Mehta	Bachelor of Commerce and Chartered Accountant	Banking & Financial Services
5	Mr. Sandeep Asthana	Chemical Engineer from IIT Mumbai and PGDM from IIM Lucknow	Banking & Financial Services
6	Mr. Colm Freyne	B.Com (Honours) from University College Dublin. Fellow of the Chartered Professional Accountant (FCPA) from Canadian Institute of Chartered Accountants (CICA)	Banking & Financial Services

7	Mr. Claude Accum ¹	Bachelor of Science degree in Actuarial Science from the University of Toronto and Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries.	Actuarial Services
8	Mr. Leo Grepin ²	Bachelor of Engineering in Honours Mechanical Engineering from McGill University; Science Masters in Aeronautics and Astronautics from Massachusetts Institute of Technology; Financial Risk Manager (FRM)	Insurance & Wealth Management Services
9	Mr. Shobhan Thakore	BA (Politics), Bachelor of Law from Bombay University	Corporate Affairs, Law and Insurance
10	Mr. Haigreave Khaitan	Bachelor of Law from South Kolkata Law College	Corporate Affairs, Law and Insurance
11	Mr. Arun Adhikari	Chemical Engineer from IIT Kanpur and MBA from IIM Calcutta	Marketing & Sales Strategy
12	Mr. Pankaj Razdan ³	Electronics engineering graduate from Mumbai University and has undergone management development programs from IIM Ahmedabad and leadership training from Centre of Leadership, USA.	Banking & Financial Services
13	Mr. Kamlesh Rao ⁴	MBA, Narsee Monjee Institute of Management Studies, 1995, B.E. Instrumentation, Vivekanand Education Society's Institute of Technology, 1992	Banking & Financial Services

1. Resigned w.e.f. January 24, 2020
2. Appointed w.e.f. January 24, 2020
3. Resigned w.e.f. August 5, 2019
4. Appointed w.e.f. August 19, 2019

Non-Executive Directors' compensation and disclosures

No remuneration is paid to the Non-Executive Directors, except the payment of sitting fees to the Independent Directors, as detailed hereunder.

The details of sitting fees paid to the Independent Directors for FY 2019-20 are as under:

Name of Directors	Total Sitting Fees Paid (Amount in ₹)
Mr. Haigreave Khaitan	75,000
Mr. Arun Adhikari	4,80,000
Mr. Shobhan Thakore	4,70,000
Grand Total	10,25,000

Board Meetings

The meetings of the Board of Directors are usually held at Mumbai; the Board meets at least once in every quarter to *inter-alia* review the Company's quarterly performance and financial results. The meetings are scheduled in such a manner that not more than one hundred and twenty days intervenes between two consecutive meetings. The Company Secretary receives the details on matters which require the approval of the Board / Board Committees, from various departments of the Company, so that they can be included in the Board / Board Committee agenda(s). All material information is incorporated, in detail, in the agenda papers for facilitating meaningful and focused discussions at the meetings. The Company also complies with and follows the secretarial standards for Board and Committee Meetings. As a part of information and agenda papers, following minimum information is provided to the Directors for each meeting:

- Quarterly Performance and Financial results;
- Business review, plans and updates;
- Regulatory updates and compliances
- Minutes of the previous Board and Committee meetings;
- Any material default, show cause, demand and penalty notices forming part of compliance report;
- Review of various Policies
- Disclosure and Declarations received from the Directors

Board Meetings and attendance of Directors

During FY 2019-20, the Board of Directors met five times, as follows:

- April 26, 2019
- July 2, 2019
- July 25, 2019
- October 23, 2019
- January 23, 2020

The attendance of the Directors at the above Board meetings was as under:

Sr. No.	Name of the Directors	Number of Meetings	Attendance in the last AGM dated July 04, 2019
		Held: 5	Held : 1
		Attended	Attended
1	Mr. Kumar Mangalam Birla	2	-
2	Mr. Ajay Srinivasan	5	1
3	Mr. Bishwanath Puranmalka	4	1
4	Mrs. Pinky Mehta	5	1
5	Mr. Sandeep Asthana	4	1
6	Mr. Colm Freyne	3	-
7	Mr. Claude Accum ¹	4	-
8	Mr. Leo Grepin ²	-	-
9	Mr. Shobhan Thakore	5	1
10	Mr. Haigreave Khaitan	1	-
11	Mr. Arun Adhikari	4	-
12	Mr. Pankaj Razdan ³	1	-

13	Mr. Kamlesh Rao ⁴	2	-
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5. Resigned w.e.f January 24, 2020
6. Appointed w.e.f January 24, 2020
7. Resigned w.e.f. August 5, 2019
8. Appointed w.e.f. August 19, 2019

Independent Directors' Meeting

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors of your Company was held on January 23, 2020 without the presence of the Non-Independent Directors and the members of the management.

Code of Conduct

The Company has designed and implemented a Code of Conduct. The code is applicable to the executive officers and all employees of the Company. The code is available on the website www.adityabirlasunlifeinsurance.com. All have affirmed to the Code as on March 31, 2020.

II. BOARD COMMITTEES

The Company has constituted certain Board Committees. Each Board Committee is constituted by Board and each Committee has been endowed with a definite scope of functions and responsibilities. Detailed descriptions of the all the Committees of the Board are as under:

1. Asset Liability Management Committee

The Board has constituted an Asset Liability Management Committee (ALM Committee) in compliance with the requirements of CG Guidelines issued by IRDAI. ALM Committee is constituted so as to formulate, implement, monitor and revise strategies related to assets and liabilities to achieve an organization's financial objectives. The Committee ensures that insurer shall invest in a manner, which would enable it to meet its cash flow needs and capital requirements at a future date to mitigate liquidity risk and solvency stipulations.

A. Terms of Reference:

The broad terms of reference of the Committee *inter-alia* include the following:

- formulating and implementing ALM strategies at product and enterprise level
- reviewing the Company's overall risk appetite and monitoring risk exposure at periodic interval
- quantifying the level of risk exposure and laying down the risk tolerance limits
- to managing capital requirements using the regulatory solvency requirements
- regular review and monitoring of mismatch between assets and liabilities and the acceptable tolerance limits for mismatch
- to investigate any activity within its terms of reference;
- ensure that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements.
- review key methodologies and assumptions including actuarial assumptions;

B. Composition, Meetings and Attendance:

During FY 2019-20, the Asset Liability Management Committee, met four times as follows:

- April 23, 2019;
- July 22, 2019;
- October 18, 2019;
- January 20, 2020.

The Composition of Asset Liability Management Committee and the attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Mr. Amit Jain	Chief Financial Officer	4
3	Mr. Anil Kumar Singh	Chief Actuarial Officer & Appointed Actuary	4
4	Mr. Pankaj Razdan ¹	Managing Director and CEO	1
5	Mr. Sandeep Asthana	Non-Executive Director	3
6	Mr. Devendra Singhvi	Chief Investment Officer- Debt	4
7	Mr. Deven Sangoi	Chief Investment Officer- Equity	4
8	Mr. Shailendra Kothavale	Chief Compliance & Risk Officer	4
9	Mr. Kamlesh Rao ²	Managing Director and CEO	2

1. Resigned w.e.f. August 5, 2019
2. Appointed w.e.f. August 19, 2019

The members of the Committee elect the Chairman at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

2. Audit Committee

The Company has a qualified and independent Audit Committee and its composition is in line with the applicable provisions of Section 177 of the Companies Act, 2013 read with CG Guidelines issued by IRDAI.

A. Terms of References

The broad terms of reference of the Committee *inter-alia* include the following:

- to review the Company's financial statements, financial reporting, statement of cash flow and disclosure processes, both on an annual and quarterly basis and to ensure that the financial statements are correct, sufficient and credible.
- to recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor(s) / internal auditor(s) and concurrent auditor(s).
- to review and approve related party transactions / related party policy
- to review internal financial control
- to review the performance of statutory auditors, internal auditors and concurrent auditors
- to ensure compliance with the internal control systems and its adequacy.
- to review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure

coverage and frequency of internal audit and review of reports submitted by internal audit department.

- to act as a compliance Committee to discuss the level of compliance in the Company
- to review the functioning of the Whistle Blower mechanism/Vigil Mechanism.

B. Composition, Meetings and Attendance:

During FY 2019-20, the Audit Committee met four times as follows:

- April 26, 2019;
- July 25, 2019;
- October 23, 2019;
- January 23, 2020.

The Composition of the Audit Committee and the attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings Attended
1	Mr. Haigreve Khaitan	Independent Director (Chairman)	1
2	Mr. Arun Adhikari	Independent Director	4
3	Mr. Ajay Srinivasan	Non-Executive Director	4
4	Mr. Sandeep Asthana	Non-Executive Director	4
5	Mr. Shobhan Thakore	Independent Director	4

The Company Secretary acts as the Secretary to the Committee.

All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise. The Audit Committee is chaired by an Independent Director.

The Chief Executive Officer, Chief Financial Officer, Appointed Actuary, Chief Risk and Compliance Officer, Statutory Auditors and the Internal Auditors attend each Audit Committee Meeting as invitees.

3. Investment Committee

The Investment Committee is set up in line with the provisions of the IRDAI (Investments) Regulations, 2016 and CG Guidelines issued by IRDAI.

A. Terms of Reference:

The broad terms of reference of the Committee *inter-alia* include the following:

- to formulate investment policy and establish a framework for its investment operations with adequate controls
- to review Investment policy and operation framework for the investment operations of the Company
- to put in place an effective reporting system to ensure compliance with Investment Policy and monitor investment performance against the applicable benchmarks
- to review asset mix of conventional portfolios, fund performance and rating exposures
- management of all investment, market risks and asset liability mismatch,
- to seek from the investment function any specific details / information about the functional activities
- to direct the investment function to implement any specific strategy over & above the existing policy for safeguarding the interest of the Policyholder and Shareholder.

B. Composition, Meetings and Attendance:

During FY 2019-20, the Investment Committee, met four times as follows:

- April 23, 2019;
- July 22, 2019;
- October 18, 2019;
- January 20, 2020 .

The Composition of the Investment Committee and the attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Mr. Amit Jain	Chief Financial Officer	4
3	Mr. Anil Kumar Singh	Chief Actuarial Officer & Appointed Actuary	4
4	Mr. Pankaj Razdan ¹	Managing Director & CEO	1
5	Mr. Sandeep Asthana	Non-Executive Director	3
6	Mr. Shailendra Kothavale	Chief Compliance & Risk Officer	4
7	Mr. Deven Sangoi	Chief Investment Officer- Equity	4
8	Mr. Devendra Singhvi	Chief Investment Officer- Debt	4
9	Mr. Kamlesh Rao ²	Managing Director & CEO	2

1. Resigned w.e.f. August 5, 2019
2. Appointed w.e.f. August 19, 2019

The members of the Committee elect the Chairman of the Committee at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

4. Policyholders' Protection Committee

In accordance with the provisions of CG Guidelines issued by IRDAI, the Board has constituted the "Policyholders' Protection Committee" to address various compliance issues relating to protection of the interests of policyholders.

A. Terms of Reference

The broad terms of reference of the Committee *inter-alia* include the following:

- to put in place proper procedures and an effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
- to ensure compliance with the statutory requirements as laid down in the regulatory framework.
- to ensure adequacy of disclosure of "material information" to the policyholders.
- to review the status of complaints at periodic intervals to the policyholders.
- to provide details of grievances at periodic intervals to IRDAI
- to provide details of insurance ombudsmen to the policyholders.
- to evaluate the merit of the investigated complaint cases
- to review the unclaimed amounts of Policyholders

B. Composition, Meetings and Attendance:

During FY 2019-20, the Policyholders' Protection Committee, met four times as follows:

- April 24, 2019;
- July 26, 2019;
- October 23, 2019;
- January 21, 2020.

The Composition of the Policyholders' Protection Committee and the attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings Attended
1	Mr. N. N. Jambusaria	Expert/Representative of Customers	4
2	Mr. Pankaj Razdan ¹	Managing Director & CEO	1
3	Mr. Ajay Srinivasan	Non-Executive Director	3
4	Mr. Sandeep Asthana	Non-Executive Director	4
5	Mr. Kamlesh Rao ²	Managing Director & CEO	2

1. Resigned w.e.f. August 5, 2019
2. Appointed w.e.f. August 19, 2019

The members of the Committee elect the Chairman at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

5. Risk Management Committee

In line with the requirements under CG Guidelines issued by IRDAI, the Board has constituted the Risk Management Committee to oversee the risk management strategy and compliance activities of the Company. The Committee is responsible for putting in place an oversight of the Company's Risk Management Strategy

A. Terms of References

The broad terms of reference of the Committee *inter-alia* include the following:

- to identify and review with the Management the major areas of risk facing the business activities of the Company and strategies to manage risks.
- to review annually, the adequacy of and compliance with the policies implemented for the management and control of risk, including investment policies, asset-liability risk, operational risk, management of risk to reputation, management of outsourcing arrangements and changes to the foregoing as appropriate.
- to review annually and approve changes to policies or programs that provide for the monitoring of compliance with legal and regulatory requirements including legislative compliance management systems.
- to review status of compliance with codes of conduct
- to review market conduct practices.
- to review procedures for dealing with customer complaints, and monitors and reviews the effectiveness of and compliance with procedures.

- to review procedures for complying with anti-money laundering and suppression of terrorism laws and regulations worldwide and monitor its effectiveness.

B. Composition, Meetings and Attendance:

During FY 2019-20, the Risk Management Committee met four times, as follows:

- April 22, 2019;
 - July 19, 2019;
 - October 17, 2019;
- January 16, 2020.

The Composition of the Risk Management Committee and the attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Mr. Haigreave Khaitan	Independent Director	-
3	Mr. Pankaj Razdan ¹	Managing Director & CEO	1
4	Mr. Sandeep Asthana	Non-Executive Director	3
5	Mr. Arun Adhikari	Independent Director	4
6	Mr. Kamlesh Rao ²	Managing Director & CEO	2

1. Resigned w.e.f. August 5, 2019
2. Appointed w.e.f. August 19, 2019

The members of the Committee elect the Chairman of the Committee at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

6. With Profits Committee

The Board has constituted With Profits Committee in line with the Insurance Regulatory and Development Authority of India (Non-linked Insurance Products) Regulation, 2013.

A. Terms of Reference:

The broad terms of reference of the Committee *inter-alia* includes the following:

- to ensure that assets share are maintained at policy level and only the portion of expenses representing this business shall be allocated to and interest rate credits to these asset shares shall represent the underlying assets of these funds;
- to approve the detailed working of the asset share, the expenses allowed for the investment income earned on the fund etc. which are represented in the asset share.

B. Composition, Meeting and Attendance:

During FY 2019-20, the With Profits Committee met once on March 16, 2020.

The Composition of the With Profits Committee and the attendance of Members at the meeting during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation/Category	No. of Meetings Attended
1	Mr. Anil Kumar Singh	Chief Actuarial Officer & Appointed Actuary	1
2	Mr. Kamlesh Rao ¹	Managing Director & CEO	1
3	Ms. Hema Malini	Independent Actuary	1
4	Mr. Shobhan Thakore	Independent Director	1
5	Mr. Amit Jain	Chief Financial Officer	1

1. Appointed w.e.f. August 19,2019

The members of the Committee elect the Chairman at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

7. Corporate Social Responsibility Committee

The Board has constituted Corporate Social Responsibility Committee ('CSR Committee') in line with the provisions of Section 135 of the Companies Act, 2013 ('Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

A. Terms of Reference:

The broad terms of reference of the Committee *inter-alia* includes the following:

- to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- to recommend the amount of expenditure to be incurred on the activities referred to in Schedule VII of the Act; and
- to monitor the Corporate Social Responsibility Policy of the Company from time to time.

B. Composition, Meeting and Attendance:

During FY 2019-20, the Corporate Social Responsibility Committee met twice, as follows:

- August 27, 2019;
- December 19, 2019.

The Composition of Corporate Social Responsibility Committee and attendance of Members at the meeting during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	2
2	Mr. Sandeep Asthana	Non-Executive Director	2
3	Mr. Arun Adhikari	Independent Director (Chairman)	1

The Company Secretary acts as the Secretary to the Committee.

8. Nomination and Remuneration Committee (NRC)

The Board has constituted Nomination and Remuneration Committee (NRC) in line with the provisions of Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 made thereunder.

A. Terms of Reference

The broad terms of reference of the Committee *inter-alia* includes the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management
- to recommend to the Board the appointment/removal of directors and senior management in accordance with the criteria laid down by the Board
- to carry out evaluation of every director's performance in accordance with the criteria laid down by the Board.
- to formulate the criteria for determining qualifications, positive attributes and independence of a director
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, senior management personnel and other employees

B. Composition, Meetings and Attendance:

During FY 2019-20, the Nomination and Remuneration Committee members met five times as follows

- April 26, 2019
- July 2, 2019
- July 16, 2019
- November 25, 2019
- January 23, 2020

The Composition of Nomination and Remuneration Committee and attendance of Members at the meetings during FY 2019-20 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	5
2	Mr. Shobhan Thakore	Independent Director	5
3	Mr. Claude Accum ¹	Non-Executive Director	5
4	Mr. Arun Adhikari	Independent Director (Chairman)	4
5	Mr. Leo Grepin ²	Non-Executive Director	

1. Resigned w.e.f. January 24, 2020
2. Appointed w.e.f. January 24, 2020

Pursuant to Nomination and Remuneration Committee (NRC) Charter adopted at the Board meeting held on July 25, 2017, the Chairman of the NRC Committee shall be an Independent Director and such Independent Director of the Committee will alternate as Chairman of the Committee by rotation in each fiscal year.

Accordingly, Mr. Shobhan Thakore presided as the Chairman of the NRC Committee for the fiscal year 2019-20.

The Company Secretary acts as the Secretary to the Committee.

III. Subsidiary Company

Aditya Birla Sun Life Pension Management Limited (formerly known as Birla Sun Life Pension Management Limited) (ABSLPML) ('Pension Company') continues to be a wholly owned subsidiary of the Company.

ABSLPML commenced its business operation on May 9, 2017. In FY 2019-20, ABSLPML has mobilised ₹ 150.09 crore of Assets. In FY 2019-20, the total income of ABSLPML was ₹ 2.68 crore and total loss after tax was ₹ 3.76 crore. ABSLPML had been in top two quartiles for E and C scheme in FY 2019-20.

IV. Key Managerial Personnel ('KMP')

Pursuant to section 203 of the Companies Act, 2013 and CG Guidelines issued by IRDAI, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company as on March 31, 2020:

- Mr. Kamlesh Rao (Managing Director & Chief Executive Officer)
- Mr. Amit Jain (Chief Financial Officer)
- Mr. Anilkumar Singh (Chief Actuarial Officer)
- Mr. Ashok Suvarna (Chief Operating Officer)
- Mr. Amber Gupta (Head - Legal & Company Secretary)
- Mr. Ajay Vernekar (Chief Technology Officer)
- Mr. Deven Sangoi (Chief Investment Officer – Equity)
- Mr. Devendra Singhvi (Chief Investment Officer – Debt)
- Mr. Jaimit Doshi (Chief Marketing Officer)
- Mr. Shailendra Kothavale (Chief Compliance & Risk Officer)
- Ms. Shobha Ratna (Head – HR & Training)
- Mr. Parag Raja (Chief Distribution Officer)

V. Secretarial Audit

Pursuant to the requirements of Section 204 (1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. MMJB & Associates, Practicing Company Secretaries to conduct the secretarial audit for FY 2019-20. The Secretarial Audit Report in Form MR-3 for FY 2019-20 issued by M/s. MMJB & Associates, Practicing Company Secretaries form part of this Annual report.

VI. Disclosures

• Disclosures required under CG Guidelines issued by IRDAI

The following disclosures required in line with the CG Guidelines issued by IRDAI are annexed to this Corporate Governance report:

- Quantitative and qualitative information on the Company's financial and operating ratios namely incurred claim, Commission and expenses ratios
- Actual solvency margin details vis-à-vis the required margin
- Policy Lapse ratio
- Financial performance including growth rate and current financial position

- Description of the risk management architecture
- Details of number of claims intimated, disposed of and pending with details of duration
- All pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the insurance Company
- Elements of remuneration package (including incentives) of MD & CEO and all other directors and Key Management Persons
- Payments made to group entities from the Policyholders Funds
- Any other matters which have material impact on the financial position

• **Related Party Transactions**

All the related party transactions were in ordinary course of business and on arm's length basis undertaken in accordance with the approved Related Party Transactions Policy. The related party transactions of the Company are placed and reviewed by the Audit Committee on a quarterly basis and necessary briefing is also given to the Board. Details of related party transactions entered into by the Company are included in the Notes to the Accounts in the financial statements.

• **Remuneration of Directors**

The Company is currently paying sitting fees to the Independent Directors and Remuneration to Mr. Kamlesh Rao, Managing Director and CEO. The remuneration payable to the Managing Director and CEO is approved by IRDAI in terms of the provisions of section 34A of the Insurance Act, 1938. Other than this, the Company is not paying any kind of remuneration/Commission to Directors.

The details of sitting fees paid to the Independent Directors have been provided in this Annual Report. The details of remuneration paid to Managing Director and CEO have been provided in form MGT-9, which has been uploaded on the website of the Company at www.adityabirlasunlifeinsurance.com

Only one Director, Ms. Pinky Mehta holds one equity share of ₹ 10/- as a nominee of Aditya Birla Capital Limited in the share capital of the Company. None of the other Directors of the Company have any holding in the share capital of the Company.

Disclosures pursuant to Guidelines on Remuneration of Non-Executive Directors and Managing Directors/ Chief Executive Officer/ Whole-time Directors of Insurance Companies issued by IRDAI.

Qualitative:

- **Information relating to the design and structure of remuneration processes and the key featured and objective of remuneration policy**

The Company has adopted the Aditya Birla Group Executive Remuneration Philosophy/policy.

At the Aditya Birla Group, the Company expects the executive team to foster a culture of growth and entrepreneurial risk-taking. The Company Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, and promotion and advancement opportunities – with the long term success of stakeholders.

Aditya Birla Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

Objective of the remuneration for Managing Director/Whole Time Director/ Chief Executive Officer

Managing Director/Whole Time Director/ Chief Executive Officer Remuneration is designed to ensure effective governance of compensation and alignment of compensation with performance and prudent risk taking.

The remuneration program for MD & CEO is intended to:

1. Provide for monetary and non-monetary remuneration elements on a holistic basis
2. Emphasize "Pay for Performance" by aligning incentives with business strategies to reward the MD & CEO on exceeding Group, business and individual goals.

Remuneration Guidelines for Managing Director/Whole Time Director/ Chief Executive Officer

Remuneration shall be reasonable, taking into account relevant factors including the industry practice, competency, competition and grade. It will be mix of Fixed Salary, valued and Non Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.

Remuneration shall be adjusted for all types of risk such as credit, market and liquidity risk, further, Remuneration payout are sensitive to the time horizon of the risk remuneration outcomes shall be symmetric with risk outcomes.

The Annual Bonus and Long Term Deferred Cash plans would be linked to comprehensive business performance, both quantitative and qualitative, over a short term and long term period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of benefits like Housing and Car. The vesting condition of long term deferred bonus will be subject to business performance and have an element of claw back in case of unfavorable business performance.

The MD/ CEO/ WTD remuneration is designed / modified basis the achievement of the goal sheet parameters that have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter is reviewed by the highest authority on a yearly basis.

Remuneration practice would be governed by IRDAI and related guidelines as applicable from time to time.

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

Other Remuneration Elements for Managing Director/Whole Time Director/ Chief Executive Officer

The Managing Director/Whole Time Director/ Chief Executive Officer are subject to an employment agreement. Each such agreement generally provides for a total remuneration package for him/ her including continuity of service across the Group Companies. The Company limits other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, instances of compelling business need or competitive rationale and generally do not provide for any tax gross ups.

Risk and Compliance

The Company aims to ensure that the Group's remuneration programs do not encourage excessive risk taking. The Company reviews the remuneration programs for factors such as remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds and steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Variable Pay

As per the business strategies and industry practices, a Variable Pay (consisting of annual performance pay and part of the deferred performance pay payable for the year) exceeding 60% of the Total Pay will be considered as 'Substantial' Pay and in such case an appropriate portion of the Variable Pay will be deferred over a minimum of 3 years from the date of pay-out of the initial tranche.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereunder, the Company shall recover from the Managing Director/Whole Time Director/ Chief Executive Officer, the remuneration received in excess, of what would be payable to him/her as per restatement of financial statements, pertaining to the relevant performance year. For cases of separation or exited executives the claw back clause will come into effect only when the same is recommended by the Nomination and Remuneration Committee and approved by the Board.

Severance Pay:

Any severance agreement arrived at for Managing Director/Whole Time Director/ Chief Executive Officer is recommended by the Nomination and Remuneration Committee and approved by the Board.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination and Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length" agreements entered into as needs arise in the normal course of business.

Performance Evaluation

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual directors and the Chairman of the Board. The evaluation is based on criteria which includes, among others, providing strategic perspective, chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees. The Independent Directors at their meeting held on January 23, 2020, had completed the performance evaluation exercise. The non-executive Directors too had completed the performance evaluation exercise and submitted their feedback. The outcome of the performance evaluation exercise was placed before the meetings of Nomination and Remuneration Committee and Board of Directors.

➤ **Description of the ways in which the insurer seeks to link performance during a performance measurement period with levels of remuneration.**

Performance Goal Setting

The Company aims to ensure that both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic. Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement. Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance. Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

Quantitative disclosure:

Particulars	As at FY 2019-20
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining/signing bonus	20,000
Total amount of outstanding deferred remuneration (₹ in thousands)	
Cash	NIL
Shares and Shares linked Instruments	NIL
Other Forms	NIL
Total amount of deferred remuneration paid out in the financial year	NIL
Breakup of amount of remuneration awarded for the financial year (₹ in thousands)	
Fixed Pay	49,995
Variable Pay	
Deferred	31,084
Non Deferred	26,876
Share- Linked instruments (in numbers)	
Employee Stock Option's/ Restricted Stock Units (RSU's)	5,23,810

Note:

- The remuneration paid/payable to MD & CEO is governed by the provisions of Section 34A of the Insurance Act, 1938.
- Employee Stock Option's/ Restricted Stock Units (RSU's) are of Aditya Birla Capital Limited (holding company) which are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017. The actual vesting (100%) will happen in February 2023 subject to terms and conditions applicable.

VII. Whistle Blower Policy

The Company has a Whistle Blower Policy to escalate any issues on integrity / business issues / people issues and gender issues. The Company's Grievances and Disciplinary Committee constituted under the Whistle Blower Policy conduct a proper and unbiased investigation and ascertain the correctness and trueness of the complaint and recommend necessary corrective measures, including punitive actions such as termination of employment / agency / contracts. Summary of cases as and when reported, alongwith status is placed before the Audit Committee and Board for their review.

VIII. LCMP Certification

The Company has an Internal Legal and Compliance Management Portal, which is a repository for all regulatory notifications, legal & compliance query desk, which has been designed for better governance of Compliance. This is accessible to all employees and anyone can raise any legal, regulatory & risk query.

Pursuant to applicable laws, the relevant Compliance Checklists, the necessary certificate/s is/are installed in the System, which is called as Legal and Compliance Management Portal ("LCMP"). This is system automated tool subject to timely regulatory updation made by the concerned functions.

The quarterly compliance certificate is taken from relevant function heads based on which the joint certification is submitted by Chief Compliance and Risk Officer, Chief Financial Officer, Chief Actuarial Officer and Managing Director and CEO and consolidated Compliance Certificate is placed before Audit Committee and Board.

IX. Management

A detailed Management Discussion and Analysis Report which form part of this Annual Report.

SHAREHOLDERS & GENERAL INFORMATION:

i) General Body Meetings

Details of Annual General Meetings and Extraordinary General Meeting:

Location and time, where Annual General Meetings (AGMs) and Extra Ordinary General Meetings (EOGMs) in the last three years were held:

Financial Year	AGM / EGM	Date & Time	Venue
2017 - 2018	AGM	June 15, 2017 at 11.00 a.m.	A - 4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai – 400 030
2017 - 2018	EGM	July 19, 2017 at 12.00 noon	16th Floor, One Indiabulls Centre, Tower 1, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai – 400 013
2017 - 2018	EGM	August 10, 2017 at 10.00 a.m.	A - 4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai – 400 030
2018 - 2019	AGM	July 3, 2018 at 11.00 a.m.	16th Floor, One Indiabulls Centre, Tower 1, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai – 400013

2019-2020	AGM	July 4, 2019 at 10.00 a.m.	16th Floor, One Indiabulls Centre, Tower 1, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai – 400013
2019-2020	EGM	January 28, 2020 at 10.00 a.m.	16th Floor, One Indiabulls Centre, Tower 1, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai – 400013

ii) Shareholder Information

Date, Time and Venue of the 20th Annual General Meeting	August 25, 2020 at 11.00 a.m. 16 th Floor, Tower 1, One Indiabulls Centre, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013
Financial Year	2019-20
Registrar and Transfer Agents	KFin Technologies Private Limited
Registration no. of the Company as per Companies Act with the Registrar of Companies	11 - 128110
Registration no. of the Company as per Insurance Act with the Insurance Regulatory and Development Authority	109
ISIN	INE951F01015
Corporate Identification Number (CIN)	U99999MH2000PLC128110
Permanent Account Number (PAN)	AABCB4623J
Registered office / address for correspondence	One Indiabulls Centre, Tower 1, 16th Floor, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai – 400 013

iii) Means of Communication

As per the IRDAI guidelines on public disclosures, the insurance companies are required to disclose their financials (Balance Sheet, Profit & Loss Account, Revenue Account and Key Analytical Ratios) by newspaper publication and host the same on their websites within stipulated timelines.

Accordingly, the disclosures are hosted on the Company's website (www.adityabirlasunlifeinsurance.com) and adequate steps have been taken to ensure publication of requisite disclosure in newspapers.

iv) Details of Directors seeking appointment/ re-appointment at the 20th Annual General Meeting

Name of Directors	Re-Appointment	
	Mr. Colm Freyne	Ms. Pinky Mehta
Date of Birth	16-12-1958	24-04-1967
Date of Appointment/Re-appointment	15-06-2017	15-06-2017
Qualification	Hon B. Commerce, FCPA, FCA	FCA

Expertise in specific functional Area	Corporate finance planning, taxation, capital and investor relations	Taxation, MIS, Accounts, Legal and Secretarial
Status of other Directorship (in Public Companies) as on March 31, 2020	Aditya Birla Sun Life AMC Limited	1. Aditya Birla Solar Limited 2. Aditya Birla Renewables Limited 3. Aditya Birla Money Limited 4. Aditya Birla Renewables SPV1 Limited 5. Aditya Birla Capital Technology Services Limited
Membership/Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	--	--

Name of Directors	Appointment	Appointment
	Mr. Leo Grepin	Mr. Kamlesh Rao
Date of Birth	01-08-1975	11-04-1970
Date of Appointment/Re-appointment	24-01-2020	August 19, 2019
Qualification	Bachelor of Engineering in Honours Mechanical Engineering from McGill University; Science Masters in Aeronautics and Astronautics from Massachusetts Institute of Technology; Financial Risk Manager (FRM)	MBA, Narsee Monjee Institute of Management Studies, 1995, B.E. Instrumentation, Vivekanand Education Society's Institute of Technology, 1992
Expertise in specific functional Area	Insurance and Wealth Management Business	Banking and Financial services.
Status of other Directorship (in Public Companies) as on March 31, 2020	--	Aditya Birla Sun Life Pension Management Limited

Member-ship/Chairman-ships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	--	1
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Reporting under CG Guidelines issued by IRDAI

A detailed report on status of Compliance with the CG Guidelines issued by IRDAI is filed on an annual basis with IRDAI.

“Certification for compliance of the Corporate Governance Guidelines”

I, Amber Gupta, Head-Legal & Company Secretary hereby certify that to the best of my knowledge and information available with me, 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.

For Aditya Birla Sun Life Insurance Company Limited

Sd/-

Amber Gupta
Company Secretary

Place: Mumbai
Date: May 15, 2020

DISCLOSURE REQUIREMENTS AS PRESCRIBED BY THE CORPORATE GOVERNANCE GUIDELINES ISSUED BY IRDAI FOR INSURANCE SECTOR

1. Disclosures regarding the Board Governance Structure

These include:

- Number of Board and Board Committee meetings held in the financial year.
- Details of composition of the Board and the Committees mandated including the names of the Directors, their fields of specialisation, status of directorship held, etc.
- Number of meetings held by the Directors and the members of the Committee.
- Details of remuneration paid, if any, to all the Directors (including independent directors).

The above data has been furnished as a part of Corporate Governance Report forming part of the Annual Report.

2. Basis, methods and assumptions on which the financial information is prepared and impact of changes, if any

The basis, methods and assumptions using which the financial statements have been prepared have been detailed in financial statements i.e. significant accounting policies and notes forming part of the financial statements.

3. Quantitative and qualitative information on the Company 's financial and operating ratios namely, incurred claim, Commission and expenses ratios

Information, both quantitative and qualitative, on the insurer's financial and operating ratios has been submitted in the financial section of the Annual Report.

4. Actual solvency margin details vis-à-vis the required margin

The details of the solvency ratio are as below:

Particulars	FY20	FY19
Actual Solvency Ratio	178%	198%
Required Solvency Ratio	150%	150%

5. Policy lapse ratio

Policy lapsation is measured through the persistency ratio which is furnished as below:

Analytical Ratios for Life Companies		
Persistency Ratio	FY20	FY19
For 13th month	83.45%	78.38%
For 25th month	67.89%	66.08%
For 37th month	57.21%	57.77%
For 49th Month	53.92%	52.79%
For 61st month	48.62%	45.27%

6. Financial performance including growth rate and current financial position of the insurer

A detailed analysis of the financial performance of the Company including growth rate and current financial position has been furnished in Management Discussion and Analysis section of the Annual Report.

7. Description of the risk management architecture

The risk management architecture of the Company has been detailed under the Enterprise Risk Management section of the Annual Report.

8. Details of number of claims intimated, disposed of and pending with details of duration

The claims settlement experience for the Company for FY 2019-20 have been as follows:

Particulars	No. of Policies (as at March 31, 2020)
No. of Claims Outstanding at the beginning of the year	24
No. of Claims Intimated /reported during the year	5138
No. of Claims Settled during the year.	5035
No. of Claims Repudiated during the year	108
No. of Claims Outstanding at the end of Year	19
Details of duration of outstanding claims	No. of Policies (as at March 31, 2020)
Less than 3 months	18
3 months and less than 6 months	1
6 months and less than 1 year	0
1 year and above	0
Total	19

9. All pecuniary relationships or transactions of non-Executive Directors

The Company's non-executive and independent Directors do not have any pecuniary relationships or transactions with the Company, its Directors or its senior management except to the extent and manner as disclosed in the Annual Report.

10. Elements of remuneration package of individual directors and KMP's

The details of remuneration paid to MD & CEO and KMP's (as specified by IRDAI) are as below:

(₹ in thousands)		
Particulars	MD & CEO	KMP
Basic	13,064	7,728
Bonus	46,876	5,605
Retrials	18,886	1,795
Allowance/ Perquisites	18,045	10,123
LTIP	31,084	5,523
Total	1,27,955	30,775

In addition to the above, Stock Option's/ Restricted Stock Units (RSU's) are of Aditya Birla Capital Limited (holding company) which are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

No remuneration has been paid to Non-Executive Directors, except the payment of sitting fees to the Independent Directors.

11. Payment made to group entities from the policyholders fund

The Payment made to group entities from the policyholders fund has been provided under the financial section of the Annual Report.

12. All related party transactions

Details of related party transactions entered into by the Company are included in the 'Details of related parties and transactions with related parties' section of the Notes to the Accounts forming part of the financial statements.

13. Disclosure requirements of the Participating and Unit Linked policyholders'

Disclosure requirements of the Participating and Unit Linked policyholders' have been furnished as a part of the financial statements.

14. Any other matters which have material impact on the financial position

There are no matters which have material impact on the financial position except those disclosed in the financial statements.

For Aditya Birla Sun Life Insurance Company Limited

Sd/-

Ajay Srinivasan
Director
(DIN 00121181)

Sd/-

Kamlesh Rao
Managing Director and CEO
(DIN 07665616)

Mumbai, May 15, 2020

Annexure III**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in rupees)

Sr. No.	Particulars	Details
1	Name of the subsidiary	Aditya Birla Sun life Pension Management Limited (formerly known as Birla Sun Life Pension Management Limited)
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2019 – March 31, 2020
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4	Share capital	350,000,000
5	Reserves & surplus	(93,019,513)
6	Total assets	288,664,676
7	Total Liabilities	31,684,188
8	Investments	244,345,010
9	Turnover /Total Income	22,601,777
10	Profit before taxation	(42,507,487)
11	Provision for taxation (incl. deferred tax)	-
12	Tax adjustment for earlier year	-
13	Profit after taxation	(42,507,487)
14	Proposed Dividend	-
15	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: Not applicable
2. Names of subsidiaries which have been liquidated or sold during the year: Not applicable

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures-

1. Names of associates or joint ventures which are yet to commence operations: **Not Applicable**
2. Names of associates or joint ventures which have been liquidated or sold during the year: **Not Applicable**

Sd/-

Ajay Srinivasan

Director

(DIN 00121181)

Sd/-

Pinky Mehta

Director

(DIN 00020429)

Sd/-

B.N. Puranmalka

Director

(DIN 00007432)

Sd/-

Kamlesh Rao

Managing Director and CEO

(DIN 07665616)

Sd/-

Amit Jain

Chief Financial Officer

Sd/-

Anil Kumar Singh

Chief Actuarial Officer & Appointed Actuary

Mumbai, May 15, 2020

Sd/-

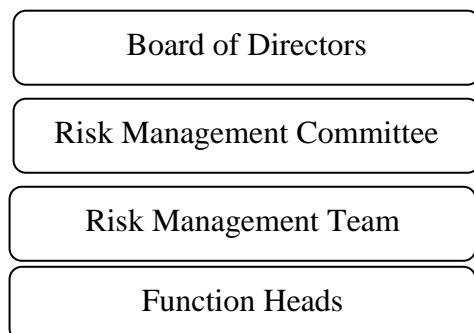
Amber Gupta

Company Secretary

RISK MANAGEMENT FRAMEWORK

A. Risk Management Committee

The Company follows three levels of Risk Mitigation Structure:



The risk management structure comprises of the Risk Management Team and Functional Heads governed by Board level Risk Management Committee.

B. Risk Mitigation Strategies:

The Company is exposed to several risks in the course of its business. The overall business risks and mitigation strategies are as are described below:

Strategic Risk	<p>Risk to future earnings or capital in terms of failure to achieve the Company's strategic or long term business plans</p> <p><u>Mitigation Strategy:</u> Strategic risks are managed through the Enterprise Risk Management framework using the risk identification and review process. The Risk Management Committee monitors these risks and the action plans for mitigating these risks.</p>
Investment Risk	<p>Risk to Investment Performance can be due to Systematic Risks like Markets, Interest Rates, Liquidity, etc. or Unsystematic Risk like the Company specific or Industry Specific Risks. These risks can impact the Guarantees, other than hampering the Investment performance on temporary / permanent basis.</p> <p><u>Mitigation Strategy:</u> A governance structure, in form of the Investment Committee, and well defined investment policies & processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.</p>

Asset Liability Management (ALM) Risk	<p>An asset-liability mismatch occurs when the financial terms of an institution's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc.</p> <p><u>Mitigation Strategy:</u> A governance structure, in form of the ALM Committee and well defined Asset Liability Management framework is in place to monitor Asset-Liability position of the Company. Its Asset Liability Management Techniques aims to manage the volume, mix, maturity, rate sensitivity, quality and liquidity of assets and liabilities as a whole so as to attain a predetermined acceptable risk/reward ratio.</p>
Operational Risk	<p>The uncertainty arising from more than expected losses or damage to finances or reputation resulting from inadequate or failed internal processes, controls, people, systems or external events.</p> <p><u>Mitigation Strategy:</u> Operational risks are governed through Operational Risk Management policy. The Company maintains an operational loss database to track and mitigate risks resulting in financial losses. To control operational risk, operating and reporting processes are reviewed and updated regularly.</p> <p>The Company has a robust Business Continuity Plan and Information Technology Disaster Recovery Plan in place to manage any business / technology interruption risk. Business Continuity Management System is certified against the global standard ISO 22301. It also has Business Continuity Policy to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimizing the potential business impact to the Company.</p> <p>Fraud management is handled through an internal committee and is governed by the Fraud Reporting and Investigation Policy.</p>
Insurance Risk	<p>The uncertainty of product performance due to differences between the actual experience and expected assumptions affecting amount of claims, benefits payments, expenses etc.</p> <p><u>Mitigation Strategy:</u> The Company through its risk management policies has set up systems to continuously monitor its experience with regard to other parameters that affect the value of benefits offered in the products. Such parameters include policy lapses, premium persistency, maintenance expenses and investment returns. A strong underwriting team is in place to review all proposals from clients, supported by comprehensive processes and procedures, and guided by international experts.</p> <p>Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with RGA International, RGA India, Munich Re International, Munich Re India, GIC Re India and Swiss Re international for individual, health and group life business. All reinsurers are specialist reinsurance companies with excellent reputation and</p>

	significant financial strength. The Company also has a separate agreement with Sirius Re and GIC Re to cover the catastrophic risks under individual and group business.
Information Security and Cyber Security Risk	<p>The risk arising from IT systems (data leakage, application vulnerabilities, lack of segregation of duties and access control), human error, etc. which can cause damage to finances or reputation.</p> <p><u>Mitigation Strategy:</u> Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001:2013 which is a global benchmark. The Company has a comprehensive Information Security and Cyber security policy designed to comply with ISO 27001:2013, IRDAI Cyber guidelines 2017, privacy and/or data protection legislations as specified in Indian Information Technology Act, 2008 and Notification dated 11th April 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and Employees regarding their roles and responsibilities towards Information Security.</p>

C. Risk Policies:

The following risk policies govern and implement effective risk management practices:

Product Design and Pricing Policy, Underwriting and Liability Management Policy, Reinsurance Ceded Policy, Capital Management Policy, Investment Policies, Investment Code of Conduct, Dealing Room Policy, Broker Empanelment Policy, Valuation Policy, Information Security Policies, Internet & email Usage Policy, Logical Access Security Policy, External Access Security Policy, Physical Access Security Policy, Business Continuity Policy, Record Management Policy, Operational Risk Management Policy, Fraud Reporting and Investigating Policy, Asset Liability Management policy, Outsourcing policy and Anti Money Laundering policy.

Aditya Birla Sun Life Insurance Company Limited

Executive Remuneration Philosophy/Policy (Version 7.0)

Year	Date of approval by Nomination and Remuneration Committee	Date of Approval by Board of Directors	Version	Nature of Change
2014-2015	March 30, 2015	March 30, 2015	1.0	Formulated the Policy
2015-2016	January 27, 2016	January 29, 2016	2.0	Amended clause (II) of the Policy for Covered Executives
2016-2017	July 29, 2016	July 29, 2016	3.0	Alignment with the Articles of Association
2016-2017	October 25, 2016	October 25, 2016	4.0	Amended to align with IRDAI Circular dated August 5, 2016
2017-18	October 27, 2017	October 27, 2017	5.0	Amended variable clause of MD remuneration
2018-19	October 25, 2018	October 25, 2018	6.0	Annual Review – No Change
2019-20	January 23, 2020	January 23, 2020	7.0	Amended in Appendix I

Executive Remuneration Philosophy/Policy (Version 7.0)

Aditya Birla Sun Life Insurance Company Limited, ("the Company"), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

Aditya Birla Group: Executive Remuneration Philosophy/Policy

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, and promotion and advancement opportunities – with the long-term success of our stakeholders.

Our business and organizational model

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company:
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management:

Policy for appointment and remuneration

Appointment Criteria and Qualifications

The Nomination and Remuneration Committee (the "Committee") shall appoint Directors and individuals in Senior Management according to the process which enable the identification of individual who are qualified to become Directors and who may be appointed in senior management.

The Committee while making appointments to the Board assess the approximate mix of diversity, skills, experience and expertise. The Committee shall consider the benefits of diversity in identifying and recommending persons to Board membership and shall ensure no member is discriminated on the grounds of religion, race, Origin, sexual orientation or any other physical or personal attribute.

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long term incentive vehicles, to motivate and retain our executives.

Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VI. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

Appendix I: Managing Director/Whole Time Director/Chief Executive Office Remuneration

1.0 Objective :

To ensure effective governance of Compensation and alignment of remuneration to performance and prudent risk taking, in accordance with the requirements specified under IRDA circular dated August 5, 2016 'Guidelines on Remuneration of Non- Executive Directors and Managing Directors/ Chief Executive Officer/ Whole Time Directors of insurer'.

2.0 Coverage & Applicability

- ❖ These conditions are applicable to Managing Director/ Whole Time Director and Chief Executive Officer.
- ❖ These conditions will be read along with the Executive Remuneration Policy/Philosophy of the Company.

3.0 Remuneration Conditions

- ❖ Remuneration shall be reasonable, considering relevant factors including the industry practice, competency, competition and grade. It will be a mix of Fixed Salary, Valued and Non-Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.
- ❖ Remuneration shall be adjusted for all types of risk such as credit, market and liquidity risks, Further, Remuneration payouts are sensitive to the time horizon of the risk and Remuneration outcomes shall be symmetric with risk outcomes.
- ❖ The Annual Bonus and Long Term Deferred cash plans would be linked to comprehensive business performance, both quantitative and qualitative, over a short term and long-term period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of benefits like Housing and Car. The MD/CEO/WTM remuneration is designed/modified basis the achievement of the goal sheet parameters. The goal sheet parameters have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter is reviewed by the highest authority on a yearly basis. As per the business strategies and industry practices, a Variable Pay (constituting of annual performance pay and part of the deferred performance pay payable for the year) exceeding 60% of the Total Pay (as defined above) will be considered as 'Substantial' Pay and in such case an appropriate portion of the Variable Pay will be deferred over minimum of 3 years from the date of pay-out of the initial tranche.

- ❖ *Clawback*: In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year. For cases of separation or exited executives the claw back clause will come into effect only when the same is recommended by the Nomination and Remuneration Committee and approved by the Board.
- ❖ *Severance Pay*: Any severance agreement will be recommended by the Nomination and Remuneration Committee and approved by the Board.

These remuneration conditions would be governed by the relevant provisions of the Insurance Act 1938, read along with IRDA circulars and related guidelines on remuneration of Managing Director/ Whole Time Director and Chief Executive Office as applicable from time to time. The Policy shall be subject to Annual Review.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014

1 REGISTRATION & OTHER DETAILS:

CIN	U99999MH2000PLC128110
Registration Date	August 04, 2000
Name of the Company	Aditya Birla Sun Life Insurance Company Limited
Category/Sub-category of the Company	Company having Share Capital
Address of the Registered office & contact details	One Indiabulls Centre, Tower-1, 16th floor, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013 Telephone No. 022 67239100
Whether listed company	No
Name , Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Address : Selenium Tower - B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad 500032, Telangana, India Contact Person : Mr. S P Venugopal Contact Details : (040) 7961 1000 Fax No : (040) 23001153 Email ID : venu.sp@kfintech.com

2 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 & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
Life Insurance	65110	100%

3 PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Name & Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
Aditya Birla Capital Limited Indian Rayon Compound ,Veraval ,Gujarat ,362266	L67120GJ2007PLC058890	Holding	51%	2(46)
Aditya Birla Sun Life Pension Mangement Limited One Indiabulls Centre, Tower-1, 16th floor, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013	U66000MH2015PLC260801	Subsidiary	100%	2 (87)

4 SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual*/HUF	-	5	5	0%	5	-	5	0%	-	-
b) Central Govt.or State Govt.	-	-	-	0%	-	-	-	0%	-	-
c) Bodies Corporates	969,616,075	-	969,616,075	51%	969,616,075	-	969,616,075	51%	-	-
d) Bank/FI	-	-	-	0%	-	-	-	0%	-	-
e) Any other	-	-	-	0%	-	-	-	0%	-	-
SUB TOTAL:(A) (1)	969,616,075	5	969,616,080	51%	969,616,080	-	969,616,080	51%	-	-
(2) Foreign										
a) NRI- Individuals	-	-	-	0%	-	-	-	0%	-	-
b) Other Individuals	-	-	-	0%	-	-	-	0%	-	-
c) Bodies Corp.	437,277,840	494,314,080	931,591,920	49%	437,277,840	494,314,080	931,591,920	49%	-	-
d) Banks/FI	-	-	-	0%	-	-	-	0%	-	-
e) Any other...	-	-	-	0%	-	-	-	0%	-	-
SUB TOTAL (A) (2)	437,277,840	494,314,080	931,591,920	49%	437,277,840	494,314,080	931,591,920	49%	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	1,406,893,915	494,314,085	1,901,208,000	100%	1,406,893,920	494,314,080	1,901,208,000	100%	-	-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-	-
C) Cenntal govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-	-
(2) Non Institutions										
a) Bodies corporates	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	-	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,406,893,915	494,314,085	1,901,208,000	100%	1,406,893,920	494,314,080	1,901,208,000	100%	-	-

(*Shares held as a nominee of Aditya Birla Capital Limited)

(ii) **Share Holding of Promoters**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (April 1, 2019)			Shareholders Name	Shareholding at the end of the year (March 31, 2020)			% change in share holding 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	Aditya Birla Capital Ltd	969,616,075	51%	-	Aditya Birla Capital Ltd	969,616,075	51%	-	-
2	Sun Life Financial (India) Insurance Investments Inc.	931,591,920	49%	-	Sun Life Financial (India) Insurance Investments Inc.	931,591,920	49%	-	-
3	A. Dhananjaya as a nominee of Aditya Birla Capital Limited	1	0%	-	A. Dhananjaya as a nominee of Aditya Birla Capital Limited	1	0%	-	-
4	Pinky Mehta as a nominee of Aditya Birla Capital Ltd	1	0%	-	Pinky Mehta as a nominee of Aditya Birla Capital Ltd	1	0%	-	-
5	Subhro Bhaduri as a nominee of Aditya Birla Capital Limited	1	0%	-	Subhro Bhaduri as a nominee of Aditya Birla Capital Limited	1	0%	-	-
6	Ajay Kakar as a nominee of Aditya Birla Capital Limited	1	0%	-	Ajay Kakar as a nominee of Aditya Birla Capital Limited	1	0%	-	-
7	Anjali Makhija as a nominee of Aditya Birla Capital Limited	1	0%	-	Anjali Makhija as a nominee of Aditya Birla Capital Limited	1	0%	-	-
	Total	1,901,208,000	100%	-		1,901,208,000	100%	-	-

(iii) **Change In Promoters' Shareholding (Specify If There Is No Change)**

Shareholders Name	Share holding at the beginning of the Year (April 1, 2019)		Cumulative Share holding during the year (March 31, 2020)	
	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year	No Change during the year			
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)	No Change during the year			
At the end of the year	No Change during the year			

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

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (March 31, 2020)	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
NIL					

(v) **Shareholding of Directors & Key Managerial Personnel**

Sr. No.	Name of Director and KMP	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (March 31, 2020)	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ms.Pinky Mehta as a nominee of Aditya Birla Capital Limited, Non- Executive Director*	1	-	1	-
	At the beginning of the year	1	-	1	-
	At the end of the year	1	-	1	-

Note: None of the KMP hold shares in the Company

5 **INDEBTEDNESS**
NIL

6 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	MD & CEO		Total Amount (INR)
		Mr. Pankaj Razdan (upto August 8, 2019)	Mr. Kamlesh Rao (w.e.f August 19, 2019)	
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	54,117,046	36,501,099	90,618,145
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	754,585	1,281,072	2,035,657
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option #			
3	Sweat Equity			
	Commission			
4	- as % of profit			
	- others, specify			
5	Others, please specify *	31,083,919	-	31,083,919
	Total (A)	85,955,550	37,782,171	123,737,721
	Ceiling as per the Act **			

Note:

Stock options of Aditya Birla Capital Limited (Holding Company) are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

* Long Term Incentive Plan

** The Provisions/Ceiling relating to payment of Managerial Remuneration under the Companies Act, 2013 are not applicable to the Company since the Company is an Insurance Company under the provisions of Insurance Act 1938. The appointment of MD & CEO and the payment of remuneration is in accordance with Section 34A of Insurance Act, 1938 of Insurance Regulatory and Development Authority

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (INR)
		Mr. Haigreave Khaitan	Mr. Arun Adhikari	Mr. Shobhan Thakore	
	Independent Directors				
1	Fee for attending Board and Committee meetings	75,000	480,000	470,000	1,025,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total (1)	75,000	480,000	470,000	1,025,000
	Other Non-Executive Directors				
1	Fee for attending board committee meetings	-	-	-	-
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	75,000	480,000	470,000	1,025,000
	Total Managerial Remuneration	75,000	480,000	470,000	1,025,000
	Overall Ceiling as per the Act	-	-	-	-

C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (INR)
		Chief Financial Officer	Company Secretary	
		Mr. Amit Jain	Mr. Amber Gupta	
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,972,334	7,055,232	23,027,565
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	311,166	117,423	428,589
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-
2	Stock Option #			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify...			-
5	Others, please specify*	3,952,422	1,570,957	5,523,380
	Total	20,235,922	8,743,612	28,979,534

Stock options of Aditya Birla Capital Limited (Holding Company) are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

* Long Term Incentive Plan

7 PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences under the Companies Act, 2013.

For Aditya Birla Sun Life Insurance Company Limited

Sd/-

Ajay Srinivasan
Director
(DIN - 00121181)

Mumbai, May 15, 2020

Sd/-

Kamlesh Rao
Managing Director and CEO
(DIN No. 07665616)

MMJB & Associates LLP

Company Secretaries

803-804, Ecstasy, 8th Floor, City of Joy, JSD Road, Mulund - West, Mumbai – 400080, (T) 21678100

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Board of Directors,
Aditya Birla Sun Life Insurance Company Limited,
One Indiabulls Centre, Tower 1,
16th Floor, Jupiter Mill Compound,
841, S. B. Marg, Elphinstone Road,
Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Sun Life Insurance Company Limited** (hereinafter referred to as “**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.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2020 (hereinafter referred to as “**the Audit period**”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 31st March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; **(External Commercial Borrowings and Overseas Direct Investment Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable to the Company during the Audit Period)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Not applicable to the Company during the Audit Period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following law applicable specifically to the Company:

- (i) Insurance Act, 1938 and Insurance Rules, 1939
- (ii) Insurance Regulatory and Development Authority Act, 1999 and Rules and Regulation, Circular and Notification issued thereunder.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

**For MMJB and Associates LLP
Practicing Company Secretaries**

**Bhavisha Jewani
Designated Partner
FCS No. 8503
CP No. 9346**

UDIN: F008503B000243595

Place: Mumbai
Date: 15th May, 2020

This report is to be read with our letter of even date which is annexed as *Annexure A* and forms an integral part of this report.

To
The Board of Directors,
Aditya Birla Sun Life Insurance Company Limited,
One Indiabulls Centre, Tower 1,
16th Floor, Jupiter Mill Compound,
841, S. B. Marg, Elphinstone Road,
Mumbai - 400013

Our report of even date is to be read along with this letter.

1. 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.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance 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 for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For MMJB and Associates LLP
Practicing Company Secretaries

Bhavisha Jewani
Designated Partner
FCS No. 8503
CP No. 9346

UDIN: F008503B000243595

Place: Mumbai
Date: 15th May, 2020

Report on Corporate Social Responsibility

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.

For us in the Aditya Birla Group, reaching out to underserved communities is part of our DNA. The Company believes in the trusteeship concept. This entails transcending business interests and grappling with the “quality of life” challenges that underserved communities face, and working towards making a meaningful difference to them.

Our vision is - “to actively contribute to the social and economic development of the communities in which the Company operates. In so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the country’s human development index”

- Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development.

Implementation process:

Identification of projects - All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. The Company re-courses to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

Arising from this our focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects/programmes are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. Our activities are in line with Schedule VII of the companies Act, 2013.

Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013, which is accessible from our Company’s website at www.adityabirlasunlifeinsurance.com.

2. The Composition of the CSR Committee.

A) Members:

1. Mr. Arun Adhikari - Independent Director (Chairman)
2. Mr. Ajay Srinivasan - Non-Executive Director
3. Mr. Sandeep Asthana - Non- Executive Director

B) Permanent Invitee(s):

1. Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development.
2. Dr. (Mrs.) Pragnya Ram- Group Executive President, Corporate Communications and CSR
3. Mr. Kamlesh Rao – Managing Director and CEO

3. Average net profit of the Company for last three financial years ₹ 13,84,231/- (Amount in Thousands)

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) – ₹ 27,685/- (Amount in Thousands)

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year - ₹ 27,685/- (Amount in Thousands)

(b) Amount unspent, if any - NIL

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

(Amount in Thousands)						
CSR project or activity undertaken	Sector in Which the Project Is covered	Projects or programs (1) Local area or other (2) Specify the State or district where the Projects or programs was undertaken	Amount outlay (budget) Project or program ms wise	Amount spent on the Project or programs Sub heads (1) Direct expenditure on the projects or programs (2) Overheads	Cumulati ve expenditu re upto the reporting period	Amount spent: Direct or through implementing Agency
Healthcare NGO - Dhan Foundation	Healthcare	Orissa and Tamil Nadu	43,000	10,000	39,555	Through Non Profit organization – Dhan Foundation
Healthcare NGO - Nav Bharat Jagriti Kendra	Healthcare	Tribal regions of Jharkhand	9,600	4,600	9,600	Through Non Profit organization-Nav Bharat Jagriti Kendra
Education NGO - Buzz India	Education	Bangalore, Karnataka	16,900	4,000	15,600	Through Non Profit organization-Buzz India
Healthcare NGO- Antara Foundation	Healthcare	Chhattisgarh	4,000	1,500	4,000	Through Non Profit organization- Antara Foundation
Healthcare NGO- Indian Cancer Society	Health Care	Pan India	5,000	5,000	5,000	Through Non Profit organization-Indian Cancer Society
Samhita Social Ventures	Social Research	Odisha , Karnataka, Tamil Nadu , Bangalore	1,500	1,500	1,500	Through Non Profit organization-Collective Good Foundation
Overhead and Administration expenditure			1,085	1,085	1,085	
TOTAL			27,685	27,685	27,685	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report – N.A.

7. 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 declares that the implementation and monitoring of CSR Policy of the Company is in compliance with CSR objectives and Policy of the Company.

For Aditya Birla Sun Life Insurance Company Limited

Sd/-

Sd/-

**Arun Adhikari
Chairman (CSR Committee)
(DIN 00591057)**

**Kamlesh Rao
Managing Director & CEO
(DIN 07665616)**

Mumbai, May 15, 2020