

ISSUE DETAIL :

Type	100% Book Building
Issue Size	Rs. 5700 Crore
Offer Price	*Rs (651 - 661) / Share
Min App Size	Shares
Issue Open	15-Sep-17
Issue Close	19-Sep-17
Shares Offer	8.62 Cr.
Face Value	Rs 10
Lead Mgrs	Edelweiss Capital Limited , JM Financial Consultants Private Limited
Listing	BSE, NSE
Registrar	Karvy Computershare Pvt Ltd
Market Cap (Post Issue)	30006.0

No of shares (Post & Pre Issue)

Noof Shares(Pre Issue)	4539,48,304
Offer for Sale	862,47,187
Fresh Issue made	
Noof Shares (Post Issue)	453948304

Bid allocation pattern

QIB	50%
Non-Institutional	15%
Retail	35%

COMPANY OVERVIEW:

ICICI Lombard General Insurance Company Ltd founded incorporated in 2000. Company is engaged in providing various general insurance products and services in India. They mainly offers fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, marine, liability, home, rural, and credit insurance products and services. They also provides reinsurance, insurance claims management, and investment management services. They were the largest private sector non life insurer in India based on gross direct premium income in fiscal 2017. They offer comprehensive and well diversified range of products including motor,health, crop/weather, fire, personal accident, marine, engineering and liability insurance through multiple distribution channels. They provide services to conglomerates, small and medium enterprises, state and central governments or government-owned enterprises, rural customers, and individual customers through various channels, such as agents, brokers, bancassurance, telesales, direct alliances and online platforms.

COMPANY STRATEGIES :

- Company is market leadership and demonstrated growth. Company became the first private-sector non-life insurer in India to reach Rs.100.00 billion in GDPI in fiscal 2017 . ICICIL's GDPI grew at CAGR of 26.7% vs 22.8% for the Indian non-life insurance industry in FY15-17.
- ICICIL has a diversified mix of insurance products with motor(42.3%), health and personal accident (18.9%), crop/weather(20.1%), fire(6.9%), marine(3.2%) and engineering insurance(2.1%) based on GDPI of FY17. The company distributes its products 1) through 51 corporate agents including 4,850 branches of ICICI Bank, 2) Motor vehicle manufacturers 3) through electronic platform and 4) direct sales channel which contributed 43.2% of the GDPI in FY17 and 43.3% in Q1FY18
- Company has Strong investment returns on a diversified portfolio . Asset mix is determined by two important factors: achieving superior total returns and liquidity management for claim obligations. Our investments from time to time include debt, equities, mutual funds, real estate and other alternative investments. As of June 30, 2017, 30.6% of our total investment assets, by carrying value, were held in government securities, 43.5% in corporate bonds, 15.7% in equities, and the remaining in other investments.

OBJECTS OF ISSUE:

- To achieve the benefits of listing the Equity Shares of the Company on the Stock Exchanges
- To carry out the sale of up to 86,247,187 Equity Shares by the Selling Shareholders
- Enhance the "ICICI Lombard" brand name and provide liquidity to the existing shareholders

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RECOMMENDATION :

The general insurance business in India is currently at Rs 78,000 crore (US\$ 11.44 billion) premium per annum industry and is growing at a healthy rate of 17 per cent. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. This throws huge opportunity for the company for growth for long term. ICICI Lombard is the largest private-sector non-life insurer in India based on gross direct premium income for FY17. The company has Return on Equity of 18% for FY17 and is consistently high for last 5 years. The company is being offered at 8 times FY17 P/B and 46 times FY17 Earnings. Considering relatively higher valuations, we advise only SUBSCRIBE only for LONG TERM investment purposes.

PORTFOLIO PRODUCT OF INSURANCE PRODUCT

Product	For the three months ended June 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	₹ (in bn)	%	₹ (in bn)	%	₹ (in bn)	%	₹ (in bn)	%
Motor:								
Own Damage	7.08	21.3%	27.60	25.7%	25.23	31.2%	21.32	31.9%
Third-party	5.05	15.2%	17.82	16.6%	16.27	20.1%	12.84	19.2%
Total Motor	12.13	36.5%	45.42	42.3%	41.50	51.3%	34.16	51.2%
Health and Personal Accident:								
Health	4.94	14.9%	16.68	15.5%	13.84	17.1%	13.18	19.7%
Personal Accident	1.09	3.3%	3.58	3.3%	2.79	3.4%	2.33	3.5%
Total Health and Personal Accident	6.03	18.2%	20.25	18.9%	16.63	20.6%	15.50	23.2%
Crop/Weather	7.23	21.8%	21.51	20.1%	5.93	7.3%	2.76	4.1%
Fire	3.13	9.4%	7.45	6.9%	6.33	7.8%	5.45	8.2%
Marine	1.17	3.5%	3.41	3.2%	3.00	3.7%	2.46	3.7%
Engineering	0.82	2.5%	2.25	2.1%	1.98	2.5%	1.71	2.6%
Other	2.70	8.1%	6.97	6.5%	5.55	6.9%	4.74	7.1%
Total	33.21	100.0%	107.25	100.0%	80.91	100.0%	66.78	100.0%

COMPETITIVE RISKS

- ☑ Company required to establish a liability in our accounts for the unpaid portion of ultimate costs (including loss adjustment expenses) of claims that have been 'incurred but not reported' (IBNR) and 'incurred but not enough reported' (IBNER) as at the end of each reporting period. The loss reserves are based on estimates as to future claims liabilities and if they prove inadequate, it could lead to further reserve additions and materially adversely affect results of operations.
- ☑ Catastrophic events, including natural disasters, could materially increase liabilities for claims by policyholders, result in losses in investment portfolios, and have a material adverse effect on business, financial condition and results of operations.
- ☑ Company do not meet solvency ratio requirements, Company could be subject to regulatory actions and could be forced to stop transacting any new business or change business strategy or slow down growth. The control level of solvency specified by IRDAI is the minimum solvency ratio of 1.50x.
- ☑ Company is involved in insuring assets and other works of the government or participating in government-sponsored insurance programmes and the government or its agencies have in the past and may in the future initiate investigations /enquiries and/or issue prohibitory orders against us, which could materially adversely affect business, financial condition, results of operations and cash flow.
- ☑ Insurance products are priced based on certain assumptions like claims ratio etc. If there is any difference between actual claim payments and assumptions, it could impact company's financials.



ICICI Lombard General Insurance Company Ltd

Financials

Income Statement	Rs in Crores				
	FY14	FY15	FY16	FY17	Q1FY17
Operating profit/(loss)					
Fire Insurance	62.19	44.82	110.40	99.6	34
Marine Insurance	-25.04	-29.38	-28.41	-15	-7.28
Miscellaneous Insurance	375.67	542.96	399.97	582.41	164.9
Income from investments					
Interest, Dividend & Rent – Gross	112.14	147.03	160.53	220.47	65.8
Profit on sale/ redemption of investments	34.07	41.28	69.57	104.28	57.7
Less : Loss on sale/ redemption of investments	-10.19	-6.36	-2.26	-10.12	-1.77
Other income					
Interest income on tax refund	4.98	1.78	13.89	1.72	
Profit on sale/ discard of fixed assets	0.15	0.21	0.53	0.29	0.02
Recovery of bad debts written off	2.34	0.10	0		
Total (A)	553.97	742.34	724.22	983.65	313.37
Provisions (Other than taxation)					
For diminution in the value of investments	8.53	14.16	0	0	
For doubtful debts	16.22	6.76	4.53	9.08	1.37
For future recoverable under reinsurance contracts	-12.24	1.07	-3.54	-3.94	-1.48
Other expenses					
Expenses other than those related to Insurance Business					
Employees' remuneration and other expenses	1.01	1.43	1.56	2.25	0.59
Managerial remuneration	4.13	8.17	6.69	7.76	0.78
Directors' fees	0.06	0.19	0.19	0.4	0.15
CSR Expenditure	0	2.78	9.71	12.52	0.39
Charges on issuance of Non-convertible debentures	0	0	0	2.13	
Interest on Non-convertible debentures	0	0	0	27.08	9.98
Expense related to investment property	0	0	0	0.95	0.97
Operating expenses borne by shareholders	0	0	0	42.79	
Bad debts written off	2.7	0.18	0	0	
Loss on sale/discard of fixed assets	2.41	2.47	0.18	2.51	0.02
Penalty	0.05	0.5	0.1	0	
Total (B)	22.87	37.71	19.42	103.53	12.77
Profit before tax	531.1	704.63	704.8	880.12	300.6
Provision for taxation:					
Current tax /MAT payable	89.28	221.72	226.44	201.72	103.2
Less: MAT credit entitlement	-89.28	0	0	0	
Excess Tax Provision written back	0	-40.46	0	0	
Deferred tax (Income) Expense	13.37	-61.85	-26.98	36.58	-16.78
Profit after tax	517.73	585.22	505.34	641.82	214.18
Appropriations					
Interim dividends paid during the period	0.00	89.12	134.17	157.10	33.94
Dividend distribution tax	0.00	16.48	27.31	31.98	6.91
Balance of Profit / (Loss) brought forward from last year	-89.39	430.68	910.40	1,254.26	1707
Balance carried forward to balance sheet	428.34	910.30	1,254.26	1,707.00	1,880.33



ICICI Prudential Life Insurance Company Ltd

Balance Sheet	Figure in Rs (Crore)			
	FY14	FY15	FY16	FY17
Shareholders' funds :				
Share capital	445.06	446.59	447.54	451.15
Share application money	0.30	0.20	0.00	1.28
Reserve and surplus	1,948.26	2,438.67	2,787.94	3,273.91
Fair value changeaccount				
Shareholders funds	18.28	68.74	60.52	174.53
Policyholders funds	95.18	287.22	248.50	502.71
Borrowings	0.00	0	0	485.00
Total	2,507.08	3,241.42	3,544.50	4,888.58
Application of funds				
Investments Shareholders	1,508.08	2,088.76	2,388.61	3,982.64
Investments Policyholders	7,781.91	8,110.96	9,173.91	11,096.26
Loans	0	0	0	0
Fixed assets	389.49	389.66	383.15	382.67
Deferred tax asset	35.09	96.94	123.92	87.34
Current assets	0	0	0.00	0
Cash and bank balances	161.97	141.69	194.80	194.04
Advances and other asset	4,867.18	3,817.70	4,849.84	7,607.70
Sub-Total (A)	5,029.15	3,959.39	5,044.64	7,801.74
Current liabilities	9,934.03	8,911.80	10,459.77	14,913.58
Provisions	2,302.61	2,492.49	3,109.96	3,548.49
Sub-Total (B)	12,236.64	11,404.29	13,569.73	18,462.07
Net current assets	-7,207.49	-7,444.90	-8,525.09	-10,660.33
No of Shares	45	45	45	45
Post Issue Diluted EPS	11	13	11	14
Price	Rs (651-661)			
P/E(At upper price band)	57.84			
P/E(At lower price band)	56.96			
ROE %	22%	18%	16%	14%