

ICICI Lombard General Insurance Co. Ltd. : Good Issue IPO Note : First company in General Insurance to be listed. A stock for Long term : Ranking***



Issue details

Price band (Rs)	Rs.651-661
IPO Opening Date	15/09/17
IPO Closing Date	19/09/17
Issue Size	Rs. 5701 Cr.

Recommendation

Total revenue grew at a CAGR of 12.47% from Rs.4487.39 Cr for the FY 2013 to Rs.7180.49 Cr for FY 2017 and Net Profit grew at a CAGR of 16.14% in the same period. For first quarter ended on 30.06.17 of the current fiscal, it has earned net profits of Rs. 214.34 crore on total revenues of Rs. 1881.88 crore. If we annualize latest working and attribute it on post issue equity then asking price is at a P/E of around 35 and at a P/BV of 7.6. On the upper price band of Rs.661 and on restated FY17 EPS of Rs.14.13, P/E ratio works out to 46.77X. It has no listed peers to compare with. ILGI is set to gain first mover fancy in the sector post listing as many more companies in this segment are lining up for maiden offers going forward. Future for this segment is bright. Considering all these aspects, **investment for long term may be considered.**

Highlights

- ICICI Lombard General Insurance Co. Ltd. (ILGI) is a general insurance arm of ICICI Bank group. It was founded as a joint venture between ICICI Bank Limited and Fairfax Financial Holdings Limited, a Canadian based holding company
- ILGI is the largest private-sector non-life insurer in India based on gross direct premium income in fiscal 2017
- The company offers its customers a comprehensive and well-diversified range of products, including motor, health, crop/weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels.
- It has total debt of Rs.485 crore and debt equity ratio stood at 0.12 as on FY17

Company Introduction

Incorporated in 2000, ICICI Lombard General Insurance Company Ltd founded as a joint venture with ICICI Bank Limited, 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,



www.icicilombard.com

Financial Summary (Rs. In Crore)

Particulars	Qtr ended June 2017	FY 2017	FY2016	FY2015
Total Income	1881.88	7180.49	5804.25	5044.81
Net Profit	214.34	641.82	505.34	585.32
EPS (Rs)	4.72*	14.13	11.13	12.89

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

bancassurance, telesales, direct alliances and online platforms.

Industry Scenario

The Indian economy is one of the fastest growing large economies in the world, with its gross domestic product growing at a cumulative annual growth rate of 7.25% (in real terms) from fiscal 2013 to fiscal 2017, while the Indian non-life insurance industry, based on gross direct premium income, grew at a cumulative annual growth rate of 16.6% during the same period. The Indian non-life insurance industry was the 15th largest non-life insurance market in the world and the fourth largest in Asia in terms of gross direct premium income in the year ended December 31, 2016.

The object of the 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

IPO Issue Proceed

ILGI is coming out with its maiden IPO via secondary route through book building process. It is offering 8.62 crore equity share of Rs. 10 each in a price band of Rs. 651 to Rs. 661 to mobilize Rs. 5614.69 to Rs. 5700.94 crores (on the basis of lower and upper price bands). Issue opens for subscription on 15.09.17 and will close on 19.09.17. Minimum application is to be made for 22 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. This being a secondary offer, its paid up capital post issue will remain same at Rs. 453.95 crore. The issue constituted 19% of fully diluted post issue paid up equity capital of the company. Issue has reservation of 4312359 equity shares for its retail and HUF stakeholders, from the balance 50% for QIBs, 15% for HNIs and 35% for retail category.

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