



ICICI Lombard General Insurance Company Limited largest private-sector non-life insurer in India based on gross direct premium income in fiscal 2017, a position it has maintained since fiscal 2004 after being one of the first few private-sector companies to commence operations in the sector in fiscal 2001. It offers 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.

The company was founded as a joint venture between ICICI Bank Limited, India’s largest private-sector bank in terms of consolidated total assets with an asset base of Rs.9.9 trillion at March 31, 2017, and Fairfax Financial Holdings Limited, a Canadian based holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management with US\$43.38 billion of total assets at December 31, 2016.

In fiscal 2017, the company issued approximately 17.7 million policies and their gross direct premium income was Rs.107.25 billion, translating into a market share, on a gross direct premium income basis, of 8.4% among all non-life insurers in India and 18.0% among private-sector non-life insurers in India. During Jun 2017 quarter, the Company has received gross direct premium income of Rs. 33.21 bn which implies a market share of 10 percent among all non – life insurers and 20 percent amongst private sector non – life insurers.

The Company boasts of strong pan India Multi channel distribution. The Company has one of the largest direct sales force, 20,775 individual agents, partnerships with 5 scheduled banks and tie ups with 19 other bank partners, access to 6,211 branches

The IPO will witness ICICI Bank selling 3.1 crore shares and Fairfax’s indirect subsidiary selling 5.6 crore shares through an offer for sale.

#### Investment Rationale and Recommendation

At the upper end of the price band of Rs. 661, the IPO is valued at 46x at FY17 EPS on post IPO basis, which we believe is at premium. With due consideration to factors like a) India being the 4<sup>th</sup> largest non – life insurance market in Asia (14.5 percent CAGR in FY16) with significant underpenetration (Premium – 0.77% of GDP), b) leadership position in non life insurance industry, c) largest private – sector non life insurer, d) comprehensive product portfolio, e) multi channel pan India distribution, d) consistently ranked number one among private non life insurance companies, f) Company growing faster than the industry, g) strong capital position with a solvency ratio of 2.13x as on June 30, 2017 (IRDA prescribed solvency ratio – 1.5x), h) consistent investment performance, i) strong investment leverage, j) loss and combined ratios improving, k) paying healthy dividends to shareholders, l) strong parentage, m) consistently delivered profit since FY13 and healthy ROE above 15 percent enjoyed since FY15, n) superb response from anchor investors like Nomura Trust, Kuwait Investment Authority, Blackrock, Societe General, Citigroup, BNP Paribas etc. we recommend “SUBSCRIBE” to the issue.

IPO note date	15 <sup>th</sup> Sep. 2017		
Issue date	Sep. 15 – 19, 2017		
Listing date	Sep. 27, 2017		
Type of issue	OFS: Rs. 56,147 – Rs. 57,009 mn		
Face Value	Rs. 10		
Price Band	Rs. 651 – Rs. 661 per share		
Issue allocation	QIB – 50% Retail – 35% NIB – 15%		
Lot size	22 equity Shares & multiple of 22 equity shares thereafter		
Reservation portion	For ICICI Bank Shareholders - 4,312,359 Shares		
Equity shares post issue	451.2 mn equity shares		
Employees in the Co.	6,528		
Post issue market cap	Rs. 298 bn at upper price band		
Book Running Lead Managers	BofA Merrill Lynch, ICICI Sec, IIFL, Citic CLSA, Edelweiss, JM Financial		
Registrar to the issue	Karyv Computershare		
Promoters	ICICI Bank		
Promoters holding	Pre issue – 84.9% Post issue – 65.9%		
Y/e 31 Mar (Rs. mn)	FY17	FY16	FY15
Premium earned (net)	61,578	48,263	42,341
Growth (%)	27.6	14.0	(2.7)
Total income	71,805	58,043	50,488
Operating Profit	6,670	4,820	5,584
PAT	6,418	5,054	5,855
EPS	14.3	11.3	13.2
P/E	46	59	50
Book Value	82.6	72.7	65.1
P/BV (x)	9.09	10.16	12.19
ROE (%)	17.8	16.4	22.0
Dividend yield (%)	0.3	0.3	0.3

Source: RHP, Ajcon Research



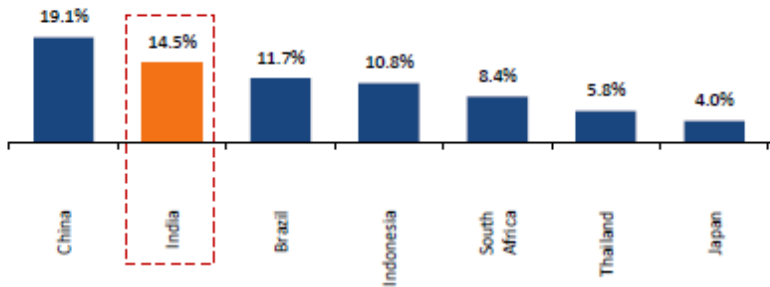
## Objects of the issue

The objects of the Offer are to achieve the benefits of listing the Equity Shares of the Company on the Stock Exchanges and to carry out the sale of up to 86,247,187 Equity Shares by the Selling Shareholders. The listing of the Equity Shares will enhance the “ICICI Lombard” brand name and provide liquidity to the existing shareholders. The listing will also provide a public market for the Equity Shares in India. The Company will not receive any proceeds from the Offer.

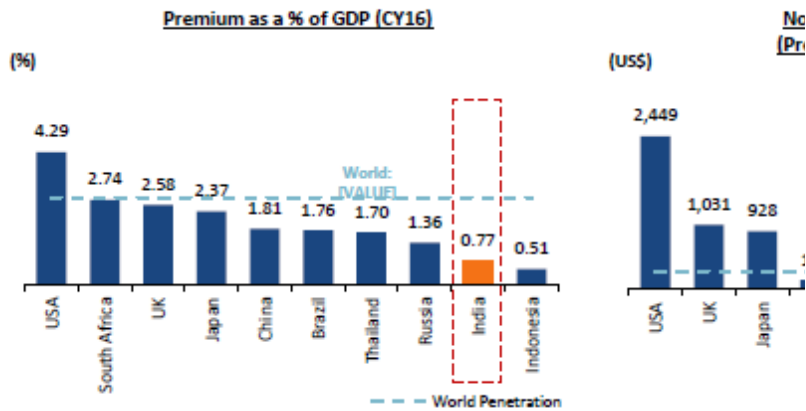
## Industry prospects

### 4<sup>th</sup> Largest Non-Life Insurance Market in Asia...

Non-Life Insurance Premium<sup>(1)</sup> CAGR (CY11)



### ...Yet Significantly Underpenetrated



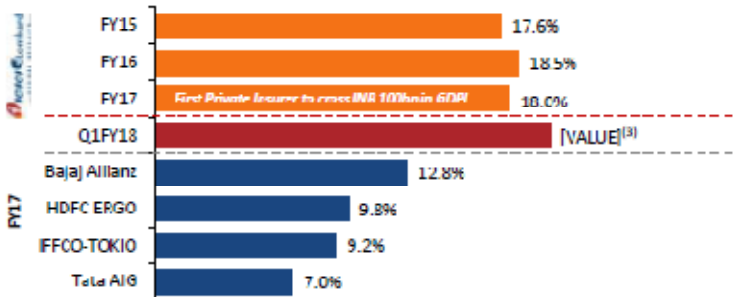


## Key strengths

No. 1 private player since 2004

### Consistently Ranked #1 Among Private Players

GDPIMarketShare<sup>(1)</sup>

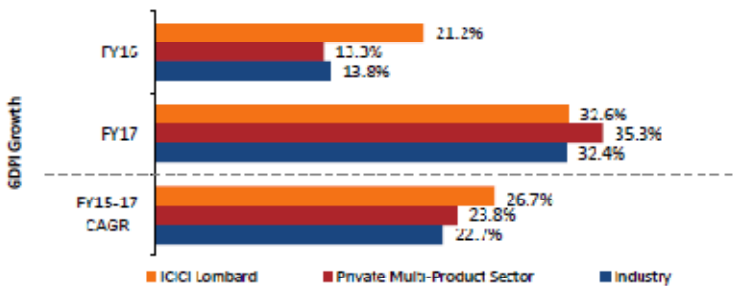


### Leadership Position Across Product Segments

Rank by GDP Among Private Sector Multi-Product Insurers

	FY15	FY16	FY17
Motor OD <sup>(2)</sup>	#1	#1	#1
Motor TP <sup>(2)</sup>	#1	#1	#1
Health and Personal Accident	#1	#1	#1
Crop		#1	#1
Fire	#1	#1	#1
Marine	#2	#1	#1
Engineering	#1	#1	#1

### Growing Faster than the Industry

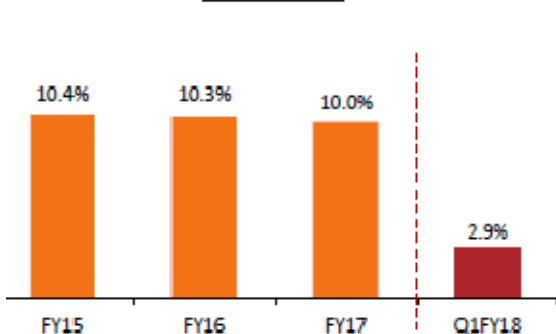


#1 private player since FY04 based on GDP; leadership across all key product segments

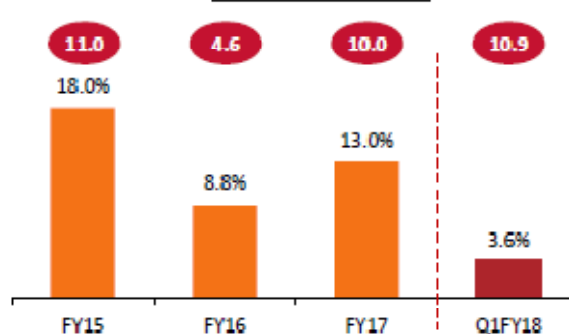
## Consistent Investment Performance

Superior fund performance with a long track record of outperforming benchmark index  
Annualized total return on listed equity portfolio of 30.8 percent since FY04 (vs 17.5 percent on benchmark S&P Nifty index)

Realised Return



Total Portfolio Return <sup>(2)</sup>

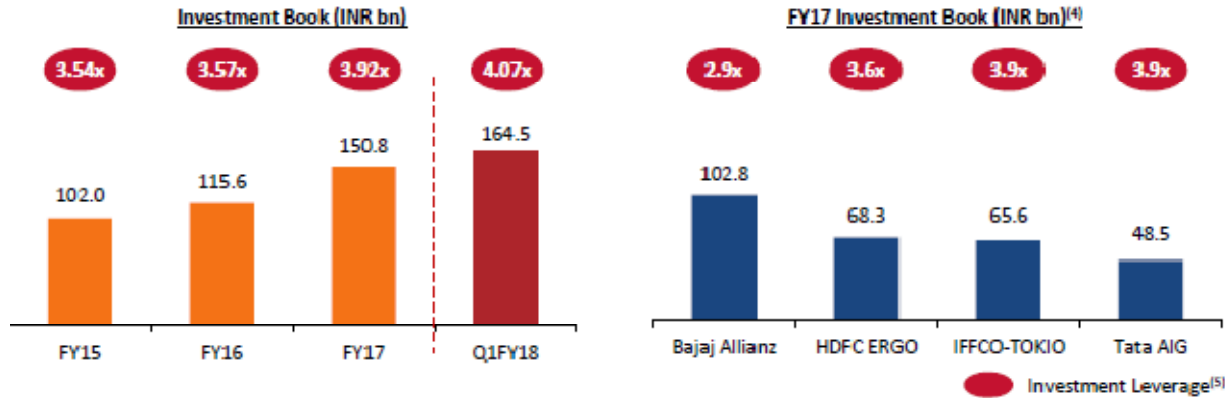


● Unrealized Gains (INR bn)<sup>(3)</sup>



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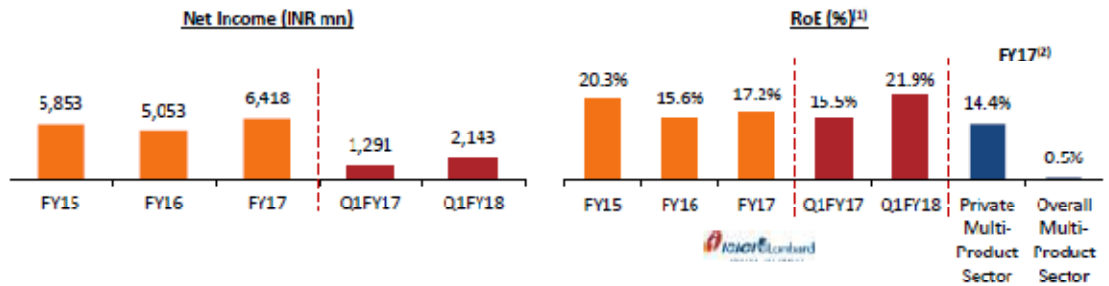
## Strong investment leverage



## Superior operating and financial performance

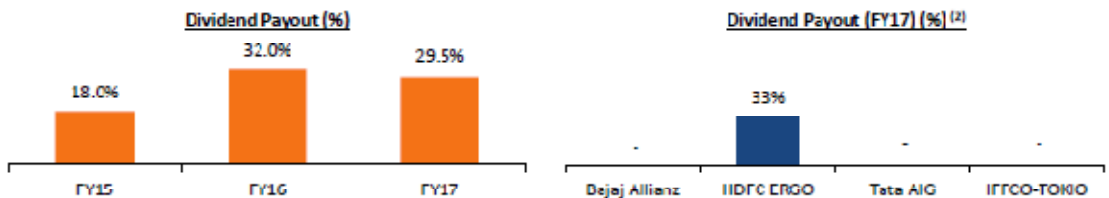
### Track Record of Profitability and High Returns

- Consistently delivered profit since FY13
- RoE of over 15% since FY15



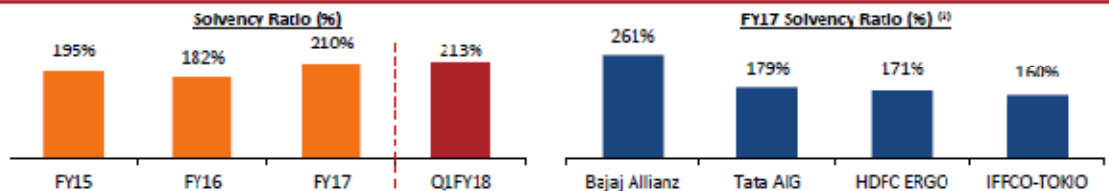
### Consistent Dividend Payout

- One of the few private players to have consistently paid dividend in the last 3 years



### Robust Solvency

- Solvency ratio among the highest
- First insurance company to issue subordinated debt





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