

Rating:



Issue Summary:

Price Band (Rs)	Rs.855– Rs.912*
Face Value (Rs)	5
Market Lot	16 shares
Opens	11 th Oct, 2017
Closes	13 th Oct, 2017
Issue Size (Rs)	11,372 Cr
Listing	NSE & BSE

*Discount of Rs. 45/- to Retail Bidders and Employees.

Issue Break Up:

QIB Portion	50%
NIB Portion	15%
Retail Portion	35%

Book Running Lead Managers:

➤ Citi group Global Markets India Pvt Ltd.
➤ Axis Capital Ltd.
➤ Deutsche Equities India Pvt Ltd.
➤ HSBC Securities and capital Markets (India) Pvt Ltd.
➤ Kotak Mahindra Capital Company Ltd.

Registrar

➤ Karvy Computershare Pvt Ltd.

Company & Business Profile

General Insurance Corporation of India; one of the largest reinsurance company in India in terms of gross premiums accepted in Fiscal 2017, and it has accounted for approximately 60% of the premiums ceded by Indian insurers to reinsurers during Fiscal 2017, according to CRISIL Research.

The Company is also an international reinsurer that underwrote business from 161 countries as at June 30, 2017. According to CRISIL Research, it ranked as the 12th largest global reinsurer in 2016 and the 3rd largest Asian reinsurer in 2015, in terms of gross premiums accepted. It provides reinsurance across many key business lines including fire (property), marine, motor, engineering, agriculture, aviation/space, health, liability, credit and financial and life insurance. Through its more than 44 years of experience in, and commitment to, providing reinsurance products and services, it believes that it has become a trusted brand to its insurance and reinsurance customers in India and overseas.

The Company has diversified its business geographically to grow its underwriting business and profitability as well as to maintain a balanced portfolio of risks. It develops overseas business through its home office in Mumbai, branch offices in London, Dubai and Kuala Lumpur, a representative office in Moscow, a subsidiary in the United Kingdom that is a member of Lloyd’s of London and a subsidiary in South Africa.

Objects of the Issue

- Fresh Issue of equity shares aggregating up to Rs.1568 crores. Augmenting the capital base of the Corporation to support the growth of their business and to maintain current solvency levels; and General corporate purposes.
- Offer for Sale of equity Shares aggregating up to Rs.9804 crores comprising of 10.75 crores equity shares by Government of India. Company will not receive any proceeds from the Offer for Sale.

Investment Positives

- Leader in Indian reinsurance industry with a trusted brand and 44 years of experience.
- Significant global player with growing international presence.
- Diversified product portfolio and revenue streams.
- Robust and comprehensive risk management framework.
- Diversified investment portfolio generating strong growth and attractive yields.
- Strong financial track record and a strong balance sheet.
- Focused on improving profitability through reduction in combined ratio.
- Expanding and leveraging their leadership position in the domestic reinsurance industry to continue their strong business growth.

Financials (Rs in Crore)

Particulars (Rs. in Crore)	For the year ended			
	March 31,2017	March 31,2016	March 31,2015	March 31,2014
Operating Revenue	29290	18204	16494	16346
Income from Investments	1638	1436	1302	983
PBT	3417	3021	2831	2302
PAT	3004	2690	2801	2319
EPS(Rs)	36.52	32.83	33.62	-
EPS(Rs) Diluted	36.52	32.83	33.62	-
Net CF from op. activities	8082	6013	2635	2923

Concern

- Its success depends upon its ability to accurately assess the risks associated with the businesses that they reinsure, and if actual losses exceed its estimated loss reserves, its net income and capital position will be reduced.
- They operate in a highly-regulated industry and any changes in the regulations or enforcement thereof may adversely affect the manner in which business is carried on and the price of the equity shares.
- There are outstanding litigations against its Corporation, its Directors and its Group Companies and any adverse outcome in any of these litigations may have an adverse impact on its business, results of operations and financial condition.

Valuation

The issue has been offered in a price band of Rs 855-912 per equity share. At the upper price band of Rs 912 the stock is available at P/BV of 1.6(x) and P/E of 23(x) based on FY17 EPS. There are no listed reinsurance companies in India. Accordingly, it is not possible to provide an industry comparison in relation to the Corporation. Based on qualitative pointers, robust past growth and future potential, above mentioned strengths and management quality we have **"4 star"** rating for the issue.

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