



IPO OFFERING: SBI LIFE INSURANCE COMPANY LTD



About Company

Recommendation: Subscribe for Long term

ICICI Lombard General Insurance Company Ltd is one of the leading private sector general insurance companies in India with 18% market share. It's a joint venture between ICICI bank and Fairfax financial holdings Ltd. They offer customers comprehensive and well diversified range of products like motor, health, crop/weather, fire, personal accident, marine, engineering and liability insurance through multiple channels. In fiscal 2017 they had issued approx. 17.7mn policies and their Gross Domestic premium income was 10725cr. Their distribution network enables them to reach 618 out of 716 districts in India.

Price Band	: Rs. 651 to Rs. 661 per share
Bid Lot size	: 22 Shares
Issue opens	: 15th September 2017
Issue Closes	: 19th September 2017
Min App Amount	: Rs 14,542/- at upper band

Msearch View:

We believe insurance space is a sunshine sector in action and ICICI Lombard being the first in the sector to offer shares will have firstcome advantage. Recent big push from Agri crop segment has changed sector dynamics and leading players like ICICI will tap the opportunity as they are the leaders in the space. At Rs. 661, ICICI Lombard will have a market cap approx. Rs. 30000 Cr; the issue is priced at 8x FY17 book value and 46x FY17 earnings per share (EPS). On valuation perse issue seems to be highly priced but while we expect it could attract good attention as being the first insurance listing along with other factors such as under-penetration in the sector and its healthy financials. High growth focused sector indicates long term value in the company as well as Industry. Hence considering all the above parameters we recommend investors to subscribe to the IPO for long term investment.

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