

BID

Key Data	
Floor Price (Rs)	390/-
Face Value(Rs)	10/-
Issue Size(Rs)	559.86cr
Total offered shares	1,43,55,550
NSE Code	ICICIPRULI
BSE Code	540133
52 Week High (Rs)	507.90
52 Week Low (Rs)	363.00
Retail	
Issue Opens	15th Jun'2018, 9:15 AM
Issue Closes	15th Jun'2018, 3:30 AM
Retail offered shares	1,43,55,55
Source: BSE India	

"No discount for Retail Investors."

ICICI Prudential Life Insurance Company Limited

Company Background:

ICICI Prudential Life Insurance Company Limited (ICICI Prudential Life) is promoted by ICICI Bank Limited and Prudential Corporation Holdings Limited. ICICI Prudential Life began its operations in fiscal year 2001 and has consistently been amongst the top players (On a retail weighted received premium basis) in the Indian life insurance sector. Assets Under Management (AUM) as on 31st March 2018 were Rs.1,395.3 billion. It operates on the core philosophy of customer centricity and offer long term savings and protection products to meet different life stage requirements of his customers. ICICI Prudential Life has developed and implemented various initiatives to provide cost-effective products, superior quality services, consistent fund performance and a hassle-free claim settlement experience to his customers.

In FY2015 ICICI Prudential Life became the first private life insurer to attain assets under management of Rs.1 trillion. ICICI Prudential Life is also the first insurance company in India to be listed on NSE and BSE.

Issue Objectives:

- To meet the minimum public shareholding norm as per SEBI guidelines
- The promoters are coming out with the Offer for Sale (OFS) of up to 143,55,550 equity shares of face value of Rs. 10/- each, representing 1.00% of the total paid-up equity share capital of company. Further there is an option to sell up to additional 143,55,550 equity shares on the separate window. The floor price has been set at Rs.390 per share.

Allocation Methodology:

The allocation would be on a price priority method at multiple clearing prices in accordance with the SEBI OFS circular. Additionally, if any person or entity who propose to acquire equity shares would require taking prior approval from IRDA if aggregate holding exceeds 5% of the paid-up equity share.

Rationales:

ICICI: Strong Brand

ICICI conglomerate is one of the strongest brands in India's private sector financial business. ICICI Bank holds 54.88% stake in its insurance arm, ICICI Prudential Life Insurance Ltd while Prudential holds 25.83%. ICICI Prudential is the first private sector life insurance company following the strong values and principles for which the ICICI group is known for. Although, under this OFS the ICICI Bank will be selling of up to 28,711,100 shares, representing up to 2% of the issued and the paid-up equity capital to improve its Provision Coverage Ratio (PCR) which is already the lowest among its peers. Post the OFS ICICI Bank will have 52.88% stake in the insurance arm.

Flourishing Business

ICICI Prudential with its diversified product portfolio is one of the leading insurers in Asia with presence in 12 markets. For the FY18, ICICI Prudential's value for new business (VNB) was Rs.12.86bn, up 93% YoY basis and growing by a CAGR of 68.3% in last three years.

VNB was 16.5% of Annualised Premium Equivalent (APE) which was Rs.77.92bn. APE grew by 17.6% YoY and has grown by CAGR of 18% in past three years.

Splendid Performance

Company operates through 505 offices in 442 locations across India employing 15,780 employees and 151,563 advisors to cater customers. As on March 2018, AUM was Rs.1395.32bn, +13.5% YoY. Consolidated Profits for the year were Rs.161bn and Embedded Value was Rs. 187.88bn which increased by 16% on yearly basis. 13th Month persistency is maintained at 86.8%.

Recommendations:

At the floor price of Rs. 390, the stock is available at 8x times its Book Value of Rs.48, making it fairly priced. We believe company is outperforming the industry growth having the highest AUM and new business. Hence, we recommend to **BID** for the issue.

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Retail Research Desk:

Akhil Rathi	D: 91 22 2858 3210
Hrshikesh Yedve	D: 91 22 2858 3207
Vrinda Aditya	D: 91 22 2858 3209
Neeraj Sharma	D: 91 22 2858 3208
Rohan Gawale	D: 91 22 2858 3213
Dhiral Shah	D: 91 22 2858 3211

Email: retailresearch@acm.co.in

Research Analyst Registration Number:

INH000002483

CIN: U65990MH1993PLC075388

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