

Issue Details	
Issue Opens	01-Nov-17
Issue Closes	03-Nov-17
Issue Size (Rs. Crore)	9600.00
Face value (per equity share)	05
Price Band (Rs.)	770-800
Shares on Offer (Rs. Crore)	12.0
Lot Size (No of Share)	18
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	13-Nov-17

Issue Date: 01<sup>st</sup> Nov – 03<sup>rd</sup> Nov 2017

Price Band (Rs.): 770- 800

Lot Size (No. of Share): 18

### Company Background

Incorporated on July 23, 1919 at Mumbai, The New India Assurance Co. Ltd (NIA) is the oldest and largest general insurance company in India. The company was nationalized by the GoI on January 1, 1974. The President of India, acting through the MoF is the promoter of the company and holds 100% of the pre-Offer paid-up Equity Share capital of the company. NIA offers insurance in categories including fire insurance; marine insurance, motor insurance, crop insurance, health insurance and other insurance products.

### Financials

Particulars	For the year/period ended (in Rs. Million)		
	FY-17	FY-16	FY-15
<b>Total Assets</b>	365,668	316,338	345,410
<b>Total Revenue</b>	205,536	176,727	157,111
<b>Profit After Tax</b>	8,399	9,304	13,773

### Concerns

- Catastrophic events could have material adverse effect on operations
- Inability to bring down high combined ratios in future
- Significant business is generated from relatively few regions
- Additional risks associated with international operations

### Strengths

- Market leadership and established brand for around 100 years.
- Diversified product offering.
- Strong relationship with reputed reinsurers.
- Expansive multi-channel distribution network.

### Our View

On the upper price band of Rs.800 and on standalone restated FY17 EPS of Rs.10.25, P/E ratio works out to 78x. Even based on last 3years restated EPS of Rs11.88, P/E ratio works out to 67x. Means, company is asking higher price band of Rs800 in the P/E ratio of 67x to 78x. Its recently peers like ICICI Lombard General Insurance is trading at P/E ratio of 47x. Hence New India Assurance Issue price of Rs800 at P/E ratio of 67x is over priced.

While the issue looks expensive and it earns low margins, but future growth potential of general insurance and given the company's market leadership position, reputation and strong brand name. We recommend the investors to subscribe from a longer term view and not for the purpose of accruing listing gains.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	100.0	85.4
Public (incl institutions and employees)	0.0	14.6
Total	100.0	100.0

### Objects of the Issue

The Offer comprises a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholder.

#### • Offer for Sale

The proceeds of the Offer for Sale shall be received by the Selling Shareholder. Company will not receive any proceeds from the Offer for Sale.

#### • Fresh Issue

Company proposes to utilize the Net Proceeds towards meeting our future capital requirements which are expected to arise from the growth and expansion of our business, improving our solvency margin and consequently our solvency ratio.