

Make Money Differently



IPO NOTE

from

The New India Assurance Company
Limited



Issue Opens on: Nov 1 , 2017

Issue Closes on: Nov 3, 2017

Promoters of the Company:

The New India Assurance Company Limited ("NIA") was incorporated on July 23, 1919 at Mumbai, Maharashtra. Pursuant to the 1973 Scheme which came into force on January 1, 1974, the company was nationalized by the GoI. The company is registered with IRDAI for carrying out the business of General Insurance.

G. Srinivasan is the Chairman cum Managing Director of the company. He has over 37 years of experience in the Insurance Industry.

Lok Ranjan is the Non-Executive and Government Nominee Director of the company. He has over 28 years of experience in Administration.

Hemant G. Rokade is the Whole-time Director of the company. He has over 34 years of experience in the Insurance Industry.

Anil Kumar is the Whole-time Director of the company. He has over 30 years of experience in the Insurance Industry.

S. N. Rajeswari is the General Manager and Chief Financial Officer of the company. She has over 33 years of experience in the Insurance Industry. She has been associated with the company since October 29, 2012.

Jayashree Nair is the Company Secretary and Chief Compliance Officer of the company. She has over 29 years of experience handling Legal and Secretarial Compliances.

Issue Break up:

Reservation For	No. of Shares	Amount in Cr. (Upper band)	Amount in Cr. (Lower band)	% of Issue
QIB*	58,200,000	4481.40	4656.00	50%
NIB	17,460,000	1344.42	1396.80	15%
Retail	40,740,000	3014.76	3136.98	35%
Employee	3,600,000	266.40	277.20	-
Total	120,000,000	9106.98	9466.98	100%

*Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

Object 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.

Brief Financial Details* (Rs. In Cr.)

Particulars	As of June 30, 2017	As of Mar 31, 2017	As of Mar 31, 2016	As of Mar 31, 2015
Share capital	200.0	200.0	200.0	200.0
Reserves	13,091.2	12,617.7	12,294.5	11,469.2
Net worth~	13,123.5	12,596.4	12,058.7	11,669.2
Fair Value Change A/c	25,160.0	23,701.6	19,093.3	22,838.8
Investments	55,028.3	51,930.6	44,971.7	45,364.6
Current Liabilities	24,703.9	23,834.6	23,948.6	20,004.2
Revenue- Premiums Earned (net)	4,768.4	17,674.7	15,215.0	13,353.8
Revenue-Investment Income	348.4	1,209.8	879.2	900.2
Profit Before Tax	617.3	956.7	1,045.4	1,704.8
Profit After Tax	513.3	839.8	930.3	1377.3
Combined Ratio	110.6%	119.7%	117.9%	115.5%
Solvency Ratio	2.2	2.2	2.4	2.5
EPS (Rs. per Share) #	6.29^	10.7	12.0	17.7
RoNW (%)#	3.99^	6.8%	7.8%	12.3%
Return on average equity	15.9%	6.8%	7.8%	12.3%
NAV (Rs. per share)#	164.0	157.4	150.7	145.8

Source: RHP * Restated Consolidated ~ net worth excluding fair value change account.

EPS/NAV adjusted for Sub-division & bonus shares approved in Aug'2017. ^ not annualized.

Indicative Timetable:

Activity	On or about
Finalization of Basis of Allotment	November 8, 2017
Refunds/Unblocking ASBA Fund	November 9, 2017
Credit of equity shares to Depository account	November 11, 2017
Trading commences	November 13, 2017

Business Overview:

NIA is the largest General Insurance Company in India in terms of Net Worth, Domestic Gross Direct Premium, Profit after Tax and Number of Branches as of and for the fiscal year ended March 31, 2017 (Source: CRISIL Report). The company has been in operation for almost a century.

In Fiscal 2017, they had the largest market share of Gross Direct Premium among general insurers in India. As of March 31, 2017, they had issued 2.71 crore policies across all their product segments, the highest among all general insurance companies in India. As of June 30, 2017, their operations were spread across 29 States and 7 Union Territories in India and across 28 other countries globally through a number of International Branches, Agency Offices and Subsidiaries including a desk at Lloyd's, London.

Company's insurance products can be broadly categorized into the following product verticals:

- Fire Insurance;
- Marine Insurance,
- Motor Insurance,
- Crop Insurance,
- Health Insurance and
- Other Insurance Products.

In Fiscal 2013, 2014, 2015, 2016 and 2017, despite increasing competition from private players, the company has maintained market leadership in the General Insurance Industry in India and they were leaders in all segments except crop insurance.

The company has developed an expansive multi-channel distribution network that includes individual and corporate agents, brokers, bancassurance partners and other intermediaries, as well as direct sales and sales through online channels. As of June 30, 2017, their distribution network in India included 68,389 individual agents and 16 corporate agents, bancassurance arrangements with 25 banks in India, and a large number of OEM and Automotive dealer arrangements through their agent and broker network.

The company has developed a pan-India branch network. As of June 30, 2017, they had 2,452 offices in India across 29 States and 7 Union Territories. They also partner with the GoI and State governments for implementation of various government schemes including health insurance and policies for underprivileged customer segments. As of June 30, 2017, the company has international operations across 28 countries, through a number of international branches, agency offices, subsidiaries and associated companies.

In Fiscal 2015, 2016 and 2017 and in the 3 months ended June 30, 2017, the gross written premium was Rs.16,986.60 crore, Rs.19,227.26 crore, Rs.23,230.49 crore and Rs.6,389.81 crore, respectively.

The gross written premium increased at a CAGR of 15.18% from Rs.13,200.18 crore in Fiscal 2013 to Rs.23,230.49 crore in Fiscal 2017. In Fiscal 2016 and 2017, they paid dividends (including dividend distribution tax) of Rs.359.98 crore and Rs.301.98 crore, respectively, while for Fiscal 2017 they declared dividend payments (including dividend distribution tax) of Rs.373.12 crore. The company has funded their operations for more than 40 years without any external capital infusion. The net worth (excluding fair value change account) increased from Rs.9,605.03 crore as of March 31, 2013 to Rs.12,596.45 crore as of March 31, 2017, and was Rs.13,123.52 crore as of June 30, 2017, while the Total Net Worth (including fair value change account) increased from Rs.25,469.81 crore as of March 31, 2013 to Rs.36,298.08 crore as of March 31, 2017, and was Rs.38,283.60 crore as of June 30, 2017.

The company command a robust financial position, with a solvency ratio as of March 31, 2017 and June 30, 2017 of 2.22 and 2.27, respectively, compared to the IRDAI prescribed control level requirement of 1.50. They have been rated A- (Excellent) by AM Best Company since 2007 and have been rated AAA/Stable by CRISIL since 2014. The claim settlement ratio (excluding suit claims) was 95.80%, 97.56% and 96.51% in Fiscal 2015, 2016 and 2017, respectively. The claim settlement ratio in Fiscal 2017 was 90.4% (including suit claims) which is the highest among the top 10 multi-product insurers in India (Source: CRISIL Report). In Fiscal 2017, the claims repudiation ratio was 1.2% which is the 2nd lowest among top 10 multi-product insurers in India. The grievance disposal ratio in Fiscal 2017 was 99.15%. The grievance redressal system is integrated with the Integrated Grievance Management System of the IRDAI.

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