

# ICICI Lombard General Insurance Co Ltd.

## HOLD

Sector: General Insurance

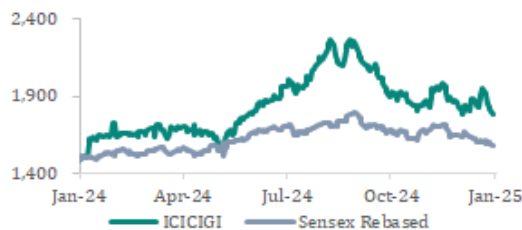
31<sup>st</sup> January 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 2,030		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 1,846</b>
Mid Cap	ICICIGI:IN	76,760	ICICIGI	540716	12 Months	<b>Return</b>	<b>+10%</b>

Data as of: 30-01-2025

Company Data			
Market Cap (Rs. Cr)	91,243		
52 Week High — Low (Rs.)	2,286 - 1,477		
Outstanding Shares (Rs. cr)	49.5		
Free Float (%)	48		
Dividend Yield (%)	0.6		
6m average volume (cr)	0.1		
Beta	0.6		
Face value (Rs.)	10.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	51.8	51.7	51.6
FII's	23.9	24.8	24.4
MFs/Institutions	17.3	16.7	17.3
Public	6.1	5.8	6.0
Others	0.9	1.0	0.7
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-3.7%	-6.4%	23.7%
Absolute Sensex	-4.8%	-5.9%	6.4%
Relative Return	1.1%	-0.5%	17.3%

\*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Net Premium	19,392	22,058	25,208
Growth (%)	15.0	13.7	14.3
Total Income	22,684	25,521	28,859
Profit before tax	3,468	3,928	4,522
Growth (%)	35.7	13.2	15.1
Net Profit	2,618	2,965	3,414
Growth (%)	36.5	13.2	15.1
EPS (Rs)	52.3	59.3	68.2
Growth (%)	35.0	13.2	15.1
BVPS (Rs)	278.6	323.0	375.4
RoE	18.8	18.3	18.2
P/E	35.2	31.1	27.0
P/EV	6.6	5.7	4.9
Solvency (%)	268.1	274.3	280.7

## Sustained profitability, promising outlook

**ICICI Lombard General Insurance (ICICI'LGI) is a private general insurance company that offers various insurance products, including travel, home, health, and motor insurance.**

- In Q3FY25, ICICI LGI's gross direct premium income (GDPI) remained flat at Rs. 6,214cr, with strong growth in the motor segment offset by a decline in the health and commercial segments.
- Net premium earned grew 17.2% YoY to Rs. 5,045cr in Q3FY25, driven by robust growth across segments – fire insurance (+21.0% YoY), marine (+27.3% YoY), health (+14.6% YoY), crop insurance (+18.8% YoY), motor (+17.0% YoY) and others (+28.6% YoY).
- Operating profit surged 64.8% YoY to Rs. 685cr, driven by higher net premium earned, an increase in investment income (+22.6% YoY) and lower other operating expenses (-22.6% YoY).
- Reported profit after tax increased 67.9% YoY to Rs. 724cr, driven by an increase in income from investments.
- The loss ratio improved to 65.8% in Q3FY25, vs 70.0% in Q3FY24, driven by a lower loss ratio in the motor, property and casualty, and crop segments, partially offset by a higher loss ratio in the health segment.

## Outlook & Valuation

Weak infrastructure investments, sluggish credit growth, and subdued motor sales have slowed the general insurance industry's growth. However, ICICILGI is gaining market share and remains confident in its underwriting performance. With regulatory reforms, anticipated GST cuts on health insurance, a balanced motor portfolio mix, and expected easing of pricing pressures in the commercial line segment, the company is expected to grow. Additionally, a gradual improvement in the combined ratio is also expected to boost profitability. Therefore, **we downgrade our rating to HOLD, based on 5.4x FY27E BVPS with a revised target price price of Rs. 2,030.**

## Quarterly Financials Standalone

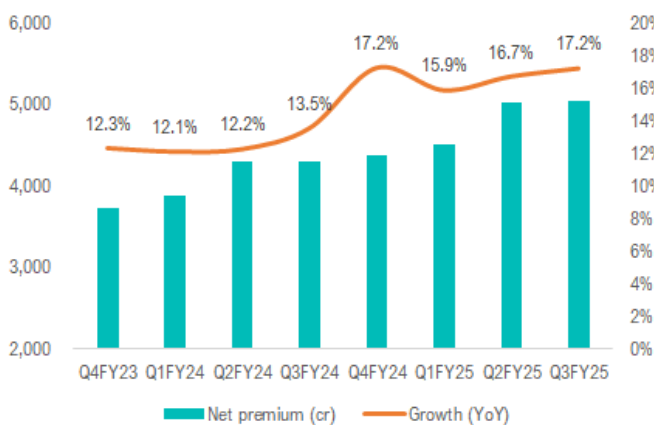
Rs. cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Net premium earned (Net)	5,045	4,305	17.2	5,026	0.4	14,575	12,498	16.6
Total income	5,883	5,004	17.6	5,851	0.6	17,085	14,594	17.1
Total expenses	5,197	4,588	13.3	5,186	0.2	15,234	13,251	15.0
Operating Profit	685	416	64.8	664	3.2	1,851	1,344	37.7
PBT	960	574	67.3	919	4.5	2,653	1,857	42.8
Reported PAT	724	431	67.9	694	4.4	1,999	1,399	42.9
EPS (Rs.)	14.5	8.7	65.9	13.9	4.3	40.0	28.4	41.1



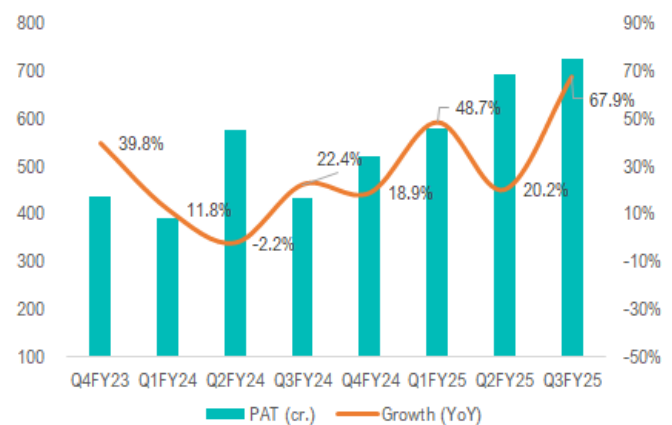
## Key Concall Highlights

- The motor segment grew 9.4% YoY in Q3FY25 (outperforming industry growth of 7.6%), driven by auto sales during the festival season. The motor portfolio mix consisted of private cars (52.9%), two-wheelers (26.7%) and commercial vehicles (20.4%).
- The health segment grew 10.3% in Q3FY25 (vs double-digit industry growth), with retail health rising 44.3%.
- In Q3FY25, 73.6% of non-OEM claims were settled through the preferred partner network, up from 67.3% in Q3FY24. The average claim settlement period for motor own damage (OD) improved to 5 days from 6 days and to 3 days from 5 days for health segment in 9MFY25.
- The combined ratio improved to 102.7% in Q3FY25 from 103.6% in Q3FY24.
- The solvency ratio declined 30bps QoQ to 2.36 in Q3FY25, due to impact of new regulations.
- ICICI LGI anticipates a return on equity (ROE) of 16-18% for FY25.

## Net Premium



## PAT



## Segment break-up of GDPI and Premiums Earned

Rs. cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
<b>GDPI</b>	<b>6,214</b>	<b>6,231</b>	<b>-0.3</b>	<b>6,721</b>	<b>-7.5</b>
Motor	3,108	2,842	9.4	2,482	25.2
Own Damage	1,563	1,407	11.1	1,281	22.0
Third Party	1,545	1,435	7.7	1,201	28.6
Health, Travel & PA	1,453	1,625	-10.6	1,752	-17.1
Property & Casualty	1,463	1,601	-8.6	1,493	-2.0
Crop	190	163	16.6	994	-80.9
<b>Premium Earned (Net)</b>	<b>5,045</b>	<b>4,305</b>	<b>17.2</b>	<b>5,026</b>	<b>0.4</b>
Motor	2,560	2,188	17.0	2,482	3.1
Health, Travel & PA	1,773	1,547	14.6	1,682	5.4
Property & Casualty	632	501	26.1	580	8.9
Crop	81	68	18.8	281	-71.3

## Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Premium earned (net)	19,621	22,860	19,392	22,058	25,208	-1.2	-3.5
Profit before tax	3,235	3,953	3,468	3,928	4,522	7.2	-0.6
Net Profit	2,459	3,004	2,618	2,965	3,414	6.5	-1.3
EPS	49.7	60.7	52.3	59.3	68.2	5.3	-2.4



## Standalone Financials

### Profit & Loss Account

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Premium Earned (Net)	14,823	16,866	19,392	22,058	25,208
Income from Inv. (net)	2,321	2,860	3,181	3,343	3,523
Other Income	951	33	112	119	128
<b>Total operating income</b>	<b>18,095</b>	<b>19,760</b>	<b>22,684</b>	<b>25,521</b>	<b>28,859</b>
<i>% change</i>	12.2	9.2	14.8	12.5	13.1
Operating exp. Related to insurance business	4,515	2,826	2,994	3,369	3,781
Incurring claims	10,726	11,939	13,611	15,313	17,316
Others	472	3,089	3,403	3,828	4,300
<b>Total Operating Expenses</b>	<b>15,713</b>	<b>17,854</b>	<b>20,008</b>	<b>22,510</b>	<b>25,396</b>
<b>Operating Profit</b>	<b>2,382</b>	<b>1,906</b>	<b>2,677</b>	<b>3,011</b>	<b>3,463</b>
Non-operating income	776	850	1,020	1,173	1,350
Non-operating expense	1,045	201	229	257	291
<b>PBT</b>	<b>2,113</b>	<b>2,555</b>	<b>3,468</b>	<b>3,928</b>	<b>4,522</b>
<i>% change</i>	25.5	21.0	35.7	13.2	15.1
Tax	383	637	850	962	1,108
Tax rate (%)	18.2	24.9	24.5	24.5	24.5
<b>Reported PAT</b>	<b>1,729</b>	<b>1,919</b>	<b>2,618</b>	<b>2,965</b>	<b>3,414</b>
Adj*	-	-	-	-	-
<b>Adj PAT</b>	<b>1,729</b>	<b>1,919</b>	<b>2,618</b>	<b>2,965</b>	<b>3,414</b>
<i>% change</i>	36.0	11.0	36.5	13.2	15.1
No. of shares (cr)	49	49	50	50	50
<b>Adj EPS (Rs)</b>	<b>35.2</b>	<b>38.8</b>	<b>52.3</b>	<b>59.3</b>	<b>68.2</b>
<i>% change</i>	36.2	10.3	35.0	13.2	15.1
DPS (Rs)	9.5	10.5	13.0	15.0	16.0

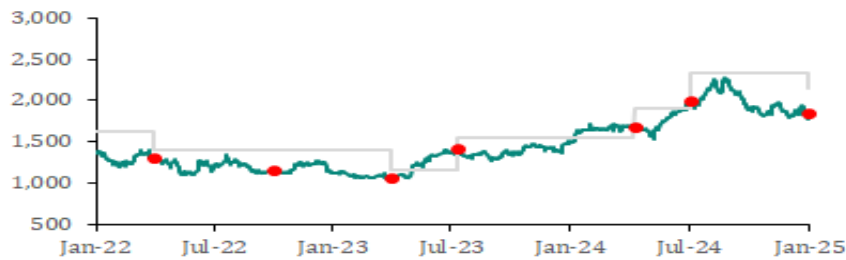
### Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Valuation</b>					
P/E (x)	30.4	43.5	35.2	31.1	27.0
P/EV (x)	5.1	7.0	6.6	5.7	4.9
Div. Yield (%)	0.9	0.6	0.7	0.8	0.9
<b>Per Share (Rs)</b>					
EPS	35.2	38.8	52.3	59.3	68.2
DPS	9.5	10.5	13.0	15.0	16.0
BVPS	211.3	241.7	278.6	323.0	375.4
<b>Earnings (%)</b>					
RoE	16.6	16.0	18.8	18.3	18.2
<b>Expenses (%)</b>					
Loss Ratio	72.8	70.8	70.2	69.4	68.7
Combined Ratio	104.5	103.3	101.6	101.0	100.5
<b>Solvency (%)</b>					
Solvency	251	262	268	274	281

### Balance Sheet

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Investments–Policyholders	33,322	37,320	38,440	39,593	40,781
Investments–Shareholders	9,858	11,587	13,151	14,729	16,497
Fixed assets	564	701	715	701	687
Deferred tax as-sets	265	293	300	270	270
Net Current as-sets	-33,369	-36,916	-38,201	-38,800	-39,266
<b>Total</b>	<b>10,641</b>	<b>12,985</b>	<b>14,405</b>	<b>16,492</b>	<b>18,968</b>
Share capital	491	493	495	495	495
Reserves & Surplus	9,901	11,467	13,442	15,664	18,286
Fair value change	214	990	468	333	186
Shareholders' Fund	51	245	201	165	120
Policy Liabilities	162	745	267	168	66
Borrowings	35	35	0	0	0
<b>Total</b>	<b>10,641</b>	<b>12,985</b>	<b>14,405</b>	<b>16,492</b>	<b>18,968</b>
<b>BVPS (Rs.)</b>	<b>211.3</b>	<b>241.7</b>	<b>278.6</b>	<b>323.0</b>	<b>375.4</b>
<i>% change</i>	14.2	14.4	15.2	15.9	16.2

## Recommendation Summary (last 3 years)



Dates	Rating	Target
28-Jul-21	HOLD	1,582
27-Oct-21	HOLD	1,636
27-Apr-22	HOLD	1,412
28-Oct-22	BUY	1,400
27-Apr-23	HOLD	1,169
8-Aug-23	BUY	1,553
6-May-24	BUY	1,898
1-Aug-24	BUY	2,331
31-Jan-25	HOLD	2,030

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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