



RATING RATIONALE

16 Sept 2020

Bharti Axa General Insurance Company Limited

Brickwork Ratings has placed its 'BWR AA' rating for Non-Convertible Debentures of Bharti Axa General Insurance Company Limited on Credit Watch with Developing Implications.

Particulars:

Instruments	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Feb 2020)	Present
Non Convertible Debentures (NCDs) (Subordinated Debt)	255.00	255.00	Long Term	BWR AA (Stable)	BWR AA Credit Watch with Developing Implication
Total	255.00	255.00	INR Two Hundred Fifty-Five Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of NCD are provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has placed the 'BWR AA' rating of the NCDs of Bharti Axa General Insurance Company Limited (BAGICL or the company) under Credit Watch with Developing Implication on account of the announcement of a scheme of arrangement under which BAGICL has entered the definitive agreement for the demerger of BAGICL's business into ICICI Lombard General Insurance Company Limited, a majority-owned subsidiary of ICICI Bank Ltd. The scheme is subject to various approvals from different stakeholders. The rating action factors in the scheme of arrangement and equity share swap ratio of 2:115.

BWR has also taken note that business operations will continue as usual during the said period. However, BWR will closely monitor the progress of the demerger and will take suitable rating action once there is clarity over the regulator's stance over the scheme, receipt of regulatory approvals and receipt of details about the strategy of the amalgamated entity. While monitoring the demerger process, BWR will also continue monitoring the company's performance.

The rating continues to factor in, inter alia, the strong parentage (Bharti Enterprise Ltd and AXA Group); continuous managerial, financial and technical support from sponsors; comfortable solvency position; experienced management team and diversified product portfolio/revenue sources. The rating is, however, constrained by a relatively small scale of operations, the company's continued underwriting losses albeit reducing year-on-year, a relatively higher management expense ratio and the highly competitive nature of the industry.

The rating of BAGLI was last reviewed on 26 February 2020, and for the detailed rationale, kindly refer to the link below:



[www.brickworkratings.com/Admin/PressRelease/Bharti-AXA-General-Insurance-Company-Limited-26FEB2020%20\(1\).pdf](http://www.brickworkratings.com/Admin/PressRelease/Bharti-AXA-General-Insurance-Company-Limited-26FEB2020%20(1).pdf)

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Instrument	Current Rating (2020)				Rating History		
	Tenure	Amount (Rs.Crs.)	Rating	25 Feb 20	19 Feb 19	3 Sep 18	31 Aug 17
NCD (Sub Debt)	Long Term	220	BWR AA Credit Watch with Developing Implication	BWR AA (Stable)	BWR AA (Stable)	BWR AA (Stable)	BWR AA (Stable)
	Long Term	35				-	-
Total		255	Rupees Two Hundred Fifty Five Crores only/-				

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Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Insurance companies](#)

Analytical Contacts	Investor and Media Relations
<p>Vydianathan Ramaswamy Director & Head – Financial Sector Ratings +91 22 6745 6660 vydianathan.r@brickworkratings.com</p> <p>Praful Kumar Dave Senior Rating Analyst +91 22 6745 6638 prafulkumar.d@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>



ANNEXURE I

INSTRUMENT (NCDs) DETAILS

Instrument	Issue Date	Amount Rs. Crs.	Coupon Rate	Maturity Date	ISIN Particulars
NCD (Sub Debt)	23 Aug 17	220	8.95%	23 Aug 27	INE513L08016
NCD (Sub Debt)	30 Apr 19	35	10.50%	29 Apr 29	INE513L08024

Total Rs. Two Hundred and Fifty Five Crores Only Crs. Only

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About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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