



Summer Internship Project

FINAL REPORT

Detailed Study on

‘Aditya Birla SunLife Insurance Company’



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Last but not the least; I would like to thank all my colleagues at Aditya Birla Sunlife Insurance Limited., who had given motivation and right direction throughout my internship program.

EXECUTIVE SUMMARY

The task of Client Acquisition was related to sale of insurance products which can be done through tele callings and by pitching it to your connects/relatives. This was a tedious process and the major reason behind this was the current situation of Covid-19 because of which prospective clients were reluctant to invest their money in insurance as their current income does not allow them to invest in a long term plan. So were not able to bring any client for the company.

The Project on 'Equity Research on Paint Sector' is based on the Economic analysis of the country i.e. India. Then the sector analysis of the paint sector based on Porter's five forces model, government initiatives for the sector. Lastly, the company analysis which focuses on its vision, top management team and it's financial analysis.

It also includes valuation of the share prices of the selected companies being Asian Paints and Kansai Nerolac Paints. The valuation is based on the expected growth in the sector and adjusting the shortcoming of the sector. Historical PE's has been used to value and estimate the company's future market share price.

The main idea behind conducting equity research is to find out the overall condition and trend of Paint sector and to find out promising scripts and paint sector companies to invest .It involves predicting the future prices. The financial analysis includes comparing data in terms of ratio analysis. Various types of valuation ratios have been calculated.

On the basis of financial analysis and valuation the findings of the study is that ASIAN PAINTS as well as KANSAI NEROLAC both seems to be a good option for investment. Both are in a positive trend with almost all macro factors and political factors in their favor. On the valuation analysis part Kansai Nerolac seem to be a better avenue to invest.

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PHASE- I

COMPANY INFORMATION

Aditya Birla Sun Life Insurance

Aditya Birla Sun Life Insurance Limited is a life insurance company that was established on August 4th 2000 and commenced its operations on January 17th, 2001. ABSLI is a subsidiary of the Aditya Birla Capital Limited (ABCL). The company is 51:49 joint venture between the Aditya Birla Group of India and Sun Life Financial Inc. of Canada.

The company is one of the country's leading life insurance companies, and has contributed significantly to the life insurance industry's growth and development. It also has a host of firsts to its credit. It is the first Indian insurance firm to implement the 'Free Look Period' concept and the same has been made compulsory by India's Insurance Regulatory Development Authority (IRDAI). ABSLI was the first company to introduce Unit Linked Life Insurance Plan amongst all the private players in India. The company was also the originator of practice to disclose portfolio on monthly basis.

The current MD & CEO of the Aditya Birla Sun Life Insurance Limited is Mr. Kamlesh Rao. The company has more than 420 branches and has more than 16.6 lakh active customers. It also has a claim settlement ratio of 97.15%. It has a wide range of products that caters to the varied needs of the customers.

During the FY 2018-19, while the industry grew at around 10-12%, the company grew by more than 60%. The company is an ISO 22301 certified organization. ABSLI has also won various awards some of which are as under-

- The Golden Peacock Global Award by the Golden Peacock Global Awards Secretariat in 2011.
- Kamikaze Customer Experience & Loyalty Award for Best Customer Service Initiative Award to Salhakaar, an initiative by Revenue Assurance Team.
- The company's risk management team won the Best Risk Management Team 2017 in the insurance business conferred by the Legal Era Risk Award 2017.
- Insurance India Summit & Awards 2018 for best fraud intelligence company of the year.

Aditya Birla Capital

Aditya Birla Capital Limited (ABCL) is the holding company of the Aditya Birla Group, which manages the financial services business. It was founded in 2007 and is amongst top 5 private diversified NBFC in India. It has a diversified portfolio of 12 lines of business to cater the different financial requirements of the clients. The company has a strong credit rating for the lending business (AAA) by ICRA and CARE RATINGS. The company has more than 10 million active customers and the Asset under Management stood at more than Rs. 3000 plus billion as of June 30, 2019.

The financial services businesses of Aditya Birla Capital Limited are as under-

- Aditya Birla Finance Limited
- Aditya Birla Health Insurance Limited
- Aditya Birla Housing Finance Limited
- Aditya Birla Insurance Brokers Limited
- Aditya Birla Money
- Aditya Birla MyUniverse Limited
- Aditya Birla PE Advisors Limited
- Aditya Birla Sun Life AMC
- Aditya Birla Sun Life Insurance
- Aditya Birla Sun Life Mutual Fund
- Aditya Birla Sun Life Pension Management Limited
- Aditya Birla Sun Life Asset Reconstruction Construction Company Limited

SunLife Financial

Sun life Financial is a Canadian Financial Services company which was founded in 1865. It is one of the largest life insurance companies in the world and ranks 273 on the Forbes Global list 2000 list for 2019. It is also recognized as one of the world's 100 most sustainable corporations by Corporate Knights and is voted as "most trusted brand of Life Insurance Company" according to 2019 Reader's Digest trusted brand in Canada.

The company trades on the Toronto (TSX), Philippine (PSE) and New York (NYSE) stock exchanges under the name SLF.

PRODUCTS

The life insurance Products are divided under various heads namely-

- Protection
- Wealth with Protection
- Children's Future
- Health
- Retirement
- Saving with Protection

1. Protection

ABSLI offers the Term Insurance under the head Protection. The term insurance provides a financial security for the family. In case the insured person dies during the policy term, the death benefit is paid to the nominee.

The company offers two types of term insurances-

- **ABSLI Life Shield Plan**

This term insurance has been designed with multiple options to meet the different needs of the client. The plan has 8 different options to choose from and also has the option of Returning of Premium and Waiver of Premium. The minimum sum assured is Rs.25,00,000 and the maximum being with no limit.

- **ABSLI Income Shield Plan**

This term plan provides financial support to the family members and the loved ones in case of unforeseen death of the insured person. It provides a regular income to family to protect them. The minimum sum assured is Rs.5,00,000 maximum being with no limit.

2. Wealth with Protection Plans

This plan provides protection as well as helps one save money regularly for the future. The company offers 5 products under this head.

- **ABSLI Wealth Assure Plan**

This plan empowers one to grow his money over time and also gives protection to the person. The minimum premium for this product starts from Rs.24000p.a.

- **ABSLI Wealth Max Plan**

This is a single premium life insurance plan. It also has the option to do the top-ups in case there is additional savings. The minimum premium is Rs.100000 for the policy term of 5 & 10 years or a minimum INR. 2,00,000 for a policy term of 15 & 20 years.

- **ABSLI Wealth Secure Plan**

- This premium involves paying premium for limited term and having a protection for whole life. The minimum premium is Rs.30000p.a. if paid annually or semi-annually and Rs.60000 if paid monthly or quarterly.

- **ABSLI Fortune Elite Plan**

This plan enables the person to decide how to invest the premium paid amongst the three investment options- Systematic Transfer Option, Return Optimiser Option or the Self-Managed Option.

- **ABSLI Wealth Aspire Plan**

This plan enables you to accumulate significant amount of money by providing flexibility to pick plan choices, premium paying terms, policy terms and 4 investment options. The minimum premium for this plan is Rs.40000 p.a. if paid annually.

3. Child Future Plan

This investment plan is intended to help your kid with regards to financing their foreign education, raising cash-flow to set up a little locally situated business or meeting wedding costs.

- **ABSLI Vision Star Plan**

The ABSLI Vision Star Plan is planned remembering of the changing objectives and desires of your kid. Subsequently, all through the term, you have the flexibility to get the advantages of your payouts according to your kid's need, and conceding the payouts whenever required. The minimum sum assured in this premium is Rs.100000.

4. Health Plans

This plan helps one get quality treatment without worrying about organizing of funds. It provides adequate sum to cover significant sicknesses, hospitalization etc.

- **ABSLI Cancer Shield Plan**

This plan covers all stages of the cancer and has waiver of premium for diagnosis of early stage of cancer. The minimum sum assured is Rs.10 lakh and the maximum being Rs.50 lakh.

- **ABSLI Critishield Plan**

This plan helps one protect from the expenses of certain diseases such as heart and kidney ailments. The minimum sum assured is Rs.10 lakh and the maximum is limited to Rs. 50 lakh.

5. Retirement

A retirement pension plan helps one face all the expenses and financial obligation that might arise after retirement. The company has three plans under this head.

- **ABSLI Empower Pension Plan**

This plan is a unit linked non-participating individual pension plan that helps accumulate premium and offer returns at the time of retirement. The minimum premium is Rs.18000 p.a. if paid annually and Rs.36000p.a. if paid monthly.

- **ABSLI Immediate annuity plan**

This plan involves one time lump sum payment of premium and generates regular income after retirement.

- **ABSLI Empower Pension-SP Plan**

This is a single pay premium plan with minimum premium of Rs.1 lakh and maximum with no limit.

6. Saving with Protection Plan

These plans offer one the opportunity to set aside money in small quantities with advantages of having life cover and tax exempted returns.

- **ABSLI Secure Plus Plan**

It is back-up income opportunity plan that guarantees more than just income. The minimum premium is Rs.50000p.a. if paid annually and Rs.36000 p.a. if paid monthly.

- **ABSLI Vision Money back Plan**

It is a plan which provides one with liquidity by providing them with regular income and also life cover to meet unforeseen circumstances. The minimum sum assured is Rs.100000.

- **ABSLI Vision Life Income Plan**

It is an ideal mix of income and money related assurance for you and your family with survival benefits payable consistently from the end of the premium paying term till the age of 100.

- **ABSLI Savings Plan**

This plan empowers one to save regularly and develop savings over a period of time. The minimum sum assured is Rs.30000 and the maximum being Rs.10,00,000.

- **ABSLI Vision Life Secure Plan**

It is a whole life insurance plan where the insured receives the sum assured, accrued regular bonuses and terminal bonus (if any). The minimum sum assured is Rs.2 lakhs and minimum premium payable is Rs.12000 p.a.

CUSTOMER PROFILING

Aditya Birla Sunlife Insurance mainly target urban & rural investors within the age group of 25-50 years. As awareness regarding various investment opportunities is increasing, leading to increase in demand for various policies.

With various and diversified policies Aditya Birla Sunlife Insurance is targeting income groups from lower-middle to high income groups. ABSLI has both corporate as well as private individuals as their customers.

With the increase in population of India the demand for various policies related to retirement, savings, protection etc. is expected to increase.

Insurance Industry as a whole is expected to grow significantly because of the rise in India's working age population. This increase in working age population gives ABSLI an opportunity to target more people and to widen its coverage. ABSLI is further trying to increase its penetration in rural markets.

Segmentation of Markets Covered

Aditya Birla Sunlife Insurance apart from protection provides various investing and financial solutions to its customers.

Their main market segment is asset management of private individuals as well as group.

They provide various policies related to protection, children's future, retirement, health & wellness, saving with protection, group protection and various additional riders.

Apart from life insurance, they also provide various plans like term insurance, ULIP plans, retirement plans etc., hence they have a strong presence in the insurance industry, covering most of the market segments.

How a service of ABSLI does reaches to its customers

Bancassurance is selling of life insurance and other insurance products and services by banking institutions. Bancassurance is the primary channel of distribution for various insurance companies.

Bancassurance constitutes more than 50% of share in distribution mix of Aditya Birla Sunlife Insurance. So, these tie-ups with various banks is helping insurance companies to distribute their products and services to various people at large.

ABSLI is also focusing on distributing its products and services directly via digital channels. Many insurance companies are trying to exploit the digital resources that are available to their benefit and trying to reach a wide audience by getting their products listed on various aggregator portals.

Also, with 425 branches all over India and having an agent and broker base of 81,000 employees, ABSLI is able to deliver its products and services to various corners of the country.

MAJOR COMPETITORS

- **Life Insurance Corporation of India (LIC)**

When the Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956. It is the only public sector Life Insurance Company in India.

It was formed with the merger of more than 200 insurance companies and provident societies. Since then they have been among the most trusted brands in India providing insurance solutions to even the remotest corners of India through their huge network of agents and distributors.

LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate office. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has maintained its dominant leadership status with a market share of 70% even with the presence of 24 other life insurance companies.

- **SBI Life Insurance**

SBI Life Insurance is a joint venture life insurance company between State Bank of India (SBI), the largest state-owned banking and financial services company in India, and BNP Paribas Cardif. It was started in 2001. BNP Paribas is a French multinational bank and financial services company with global headquarters in Paris. SBI owns 62.1% of the total capital and BNP Paribas Cardif holds 5.2 % of the capital. Rest of the capital is owned by other institutions. Assets under management (AuM) has grown by 14% to Rs 1,60,360 crore as on 31 March 2020 with debt-equity mix of 79:21..

SBI Life extensively leverages the State Bank Group relationship as a platform for cross-selling insurance products along with its numerous banking product packages such as housing loans and personal loans. SBI's access to over 100 million accounts across the country provides a vibrant base for insurance penetration across every region and economic strata in the country, thus ensuring true financial inclusion.

- **HDFC Life**

-

HDFC Life was founded in 2000. It is a joint venture between Housing Development Finance Corporation (HDFC) and Standard Life Aberdeen, a global investment company. Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment,

Annuity and Health. As on March 31, 2020 the Company had 37 individual and 11 group products in its portfolio, along with 6 optional rider benefits, catering to a diverse range of customer needs.

- **ICICI Prudential Life Insurance**

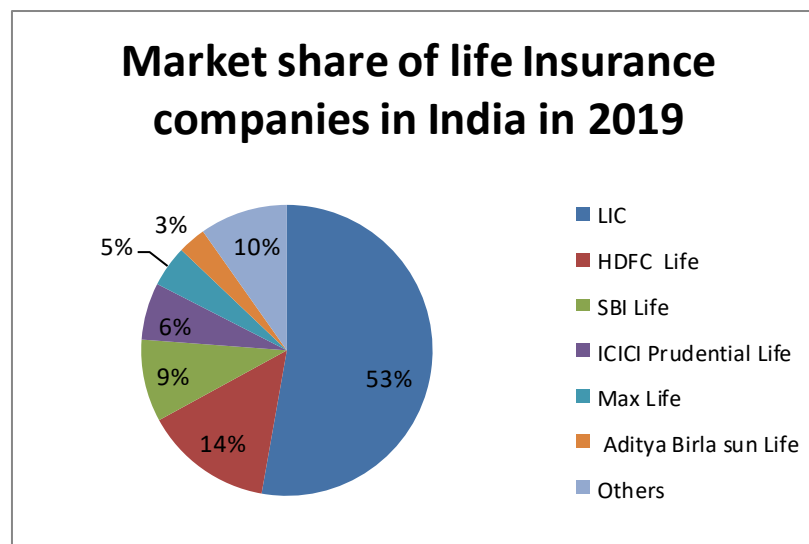
ICICI Prudential Life Insurance Company Limited (ICICI Prudential Life) is promoted by ICICI Bank Limited and Prudential Corporation Holdings Limited a leading international financial services group headquartered in United Kingdom. ICICI Prudential Life was first private player to begin its operations in fiscal year 2001 and has consistently been amongst the top players in the Indian life insurance sector. Prudential Corp holds 22.11 per cent stake in the company while ICICI Bank owns 52.87 per cent.

The company has signed a pact with **Airtel Payments Bank** to allow Airtel Payments Bank customers to access life insurance and saving plans within the app.

- **MAX Life Insurance**

Max Life Insurance is a joint venture between max India Ltd. and **Mitsui Sumitomo Insurance Company**. The former owns 68% of the company while the latter owns 26%. After forming the joint venture partnership with Mitsui Sumitomo, Max Life changed its name from Max New York Life in 2012. In February 2016, **Axis Bank** held a 6% share in Max Life.

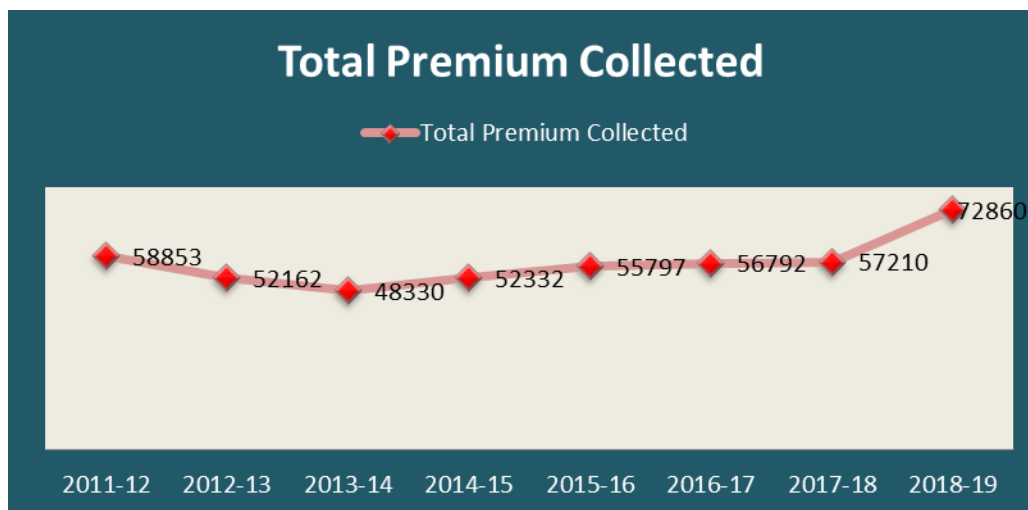
Max Life's distribution channels include **banks**, individual agents, brokers, and corporate agents, among others. It provides linked, participating and non-participating products. Apart from life coverage, it also covers health, pension, and annuity. It offers child, protection, retirement, savings, and growth plans to



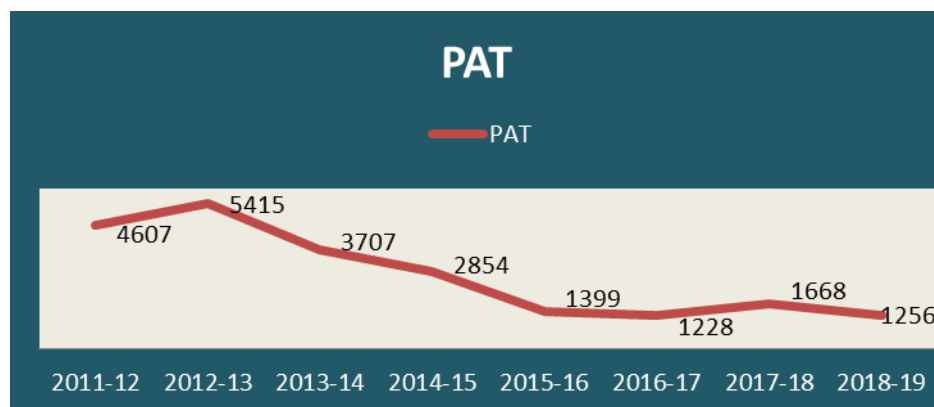
FINANCIAL PERFORMANCE

The company is performing financially positive and reporting constant profits. Some of the indicators of the good performance of the company have been highlighted below.

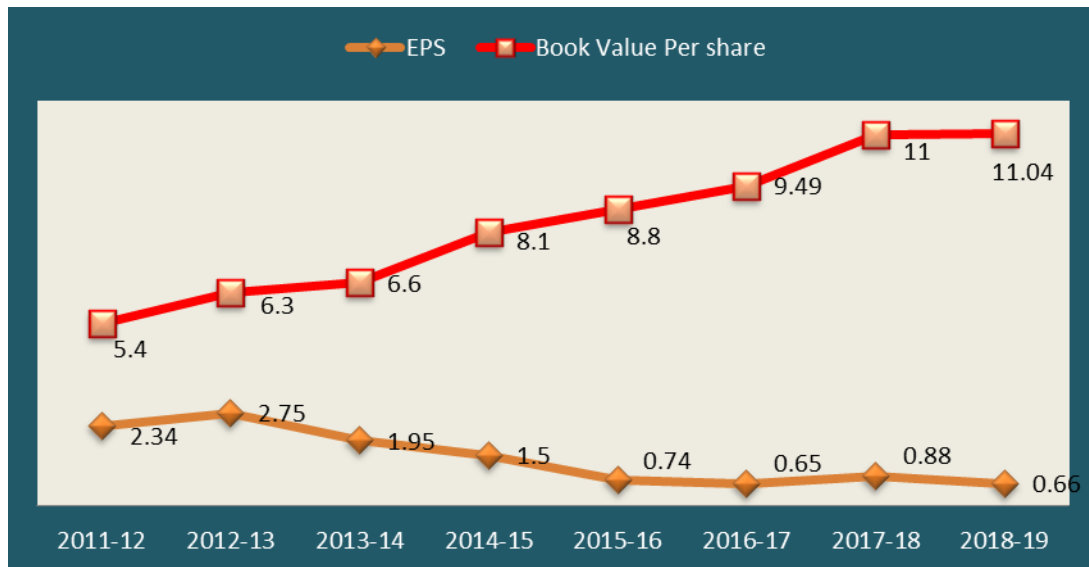
The total insurance premium collected over the year has not seen major fluctuations and recently in the year 2018-19 it has seen a jump of 27%. It was mainly due to strong growth it witnessed due to kicked started its operations with HDFC Bank Branch Banking.



But the Profit after Tax has seen a decline over the years. The major decline of profits from Rs.2854 cr. to Rs.1399 cr. is mainly due to adverse claims in the year and decrease in the in force book.



The following chart shows Earning per share and Book value per share since FY 2011-12



New business premium received by the company for the FY 2018-19 was Rs. 3917 Crore as compared to Rs.2663 Crore in FY 2017-18. It was a 47% growth.

Renewal premium also increased to Rs 3594 Crore as compared to Rs.3240 Crore. Total increase in premium was by 27% in FY 2018-19.

Group Business grew by 40% with first year premium of ₹ 2,119 Crore in FY 2018-19. AUM of Group business grew by 13% to ₹ 10,138 Crore in FY 2018-19 from ₹ 8,961 Crore in FY 2017-18.

The Company's AUM grew by 9.7% to ₹ 40,442 Crore in FY 2018-19.

There was cash inflow from operating activities in FY 2018-19 to be Rs. 3,577,071 as compared to the cash outflow of Rs. 6,442,805 in FY 2017-18. It was due to increase in total premium in the year. The tremendous growth of the company led to inflow of cash in the year.

But there is also was outflow from investing activities as the company invested in huge amount to purchase the same.

There is no Dividend distributed by the company to the public as it is not a listed company but an owned subsidiary of Aditya Birla Capital.

INTRODUCTION OF THE INDUSTRY

The Indian Insurance industry comprises of 57 insurance companies among which 33 are under non-life insurance sector and 24 are in life insurance business. Among all the life insurers, Life Insurance Corporation (LIC) is the only public sector company rest all belongs to private companies. Apart from that, among all the non-life insurers there are six public sector insurers. Along with these, there is a sole national re-insurer, named, General Insurance Corporation of India (GIC Re). Other stakeholders which belong to the Indian Insurance market include brokers, agents (individual and corporate), surveyors, and third-party administrators servicing health insurance claims.

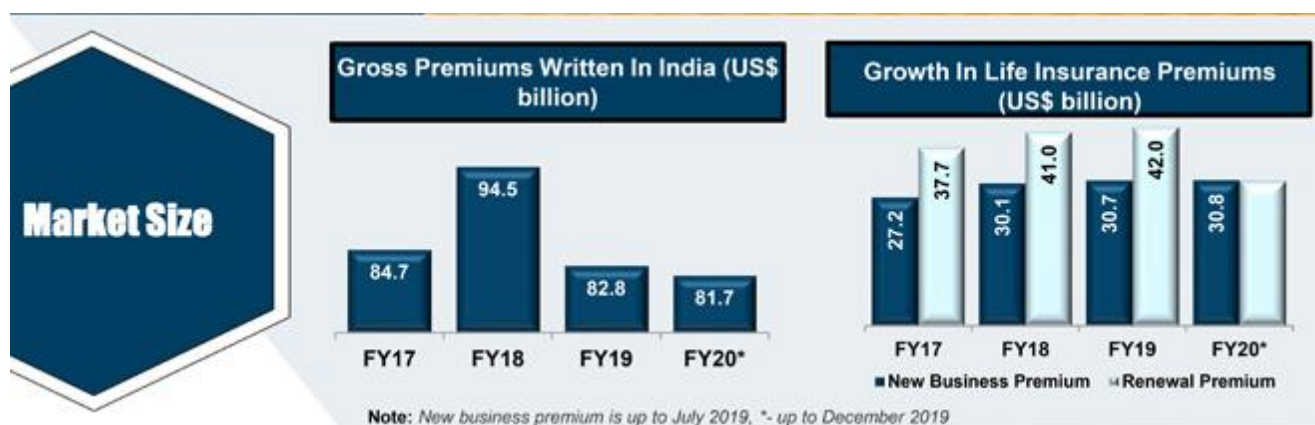
MARKET SIZE

The Government plan of proving and promoting insurance to the uninsured has currently increased the insurance penetration in the country and spread of insurance schemes.

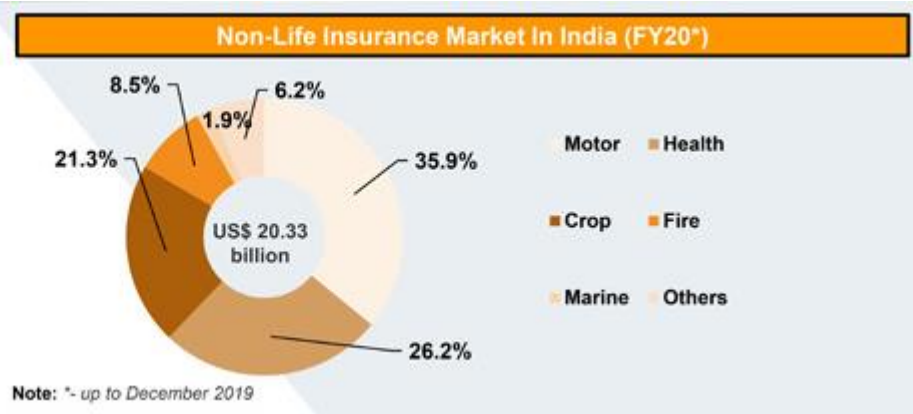
India reached a total of US\$ 20.33 billion under gross direct premiums of non-life insurers in FY20 (till December 2019), gross direct premiums reached US\$ 5.87 billion (Rs 410.71 billion), generating a year-on-year growth rate of 14.47 per cent. Overall insurance penetration in India reached 3.69 per cent of the GDP in 2017 from 2.71 per cent in 2001.

In financial year 2019, premium from new life insurance business ascended to 10.73 per cent of GDP making it US\$ 30.7 billion (Rs 2.15 trillion). In FY20 (up to February 2020), gross direct premiums under non-life insurers reached a total of US\$ 24.82 billion, generating a year-on-year growth rate of 14.03%. On the other side the private sector insurers witnessed a 17% increase in collection of premium; also the state controlled non-life insurers witnessed a 9% growth in the same period.

The private sector companies' market share under the non-life insurance market increased from 13.12% in FY 2003 to 55.70% in FY2020 (till April 2019).



<https://www.ibef.org/industry/insurance-sector-india.aspx>



<https://www.ibef.org/industry/insurance-sector-india.aspx>

INVESTMENTS AND RECENT DEVELOPMENTS

These are some of the biggest and talked about investments and developments in the Indian insurance sector:

- The non-life insurance companies registered an increase of 14% in their collective premium for the month of April-February 2019-20.
- In November 2019, Airtel joined hands with Bharti AXA Life to introduce prepaid bundle with insurance cover.
- In September 2019, Competition Commission of India (CCI) validated acquisition of shares in SBI General Insurance by Honey Wheat and Napean Opportunities LLP.
- As of November 2018, HDFC Ergo is in talks of acquiring Apollo Munich Health Insurance at a hefty sum of around US\$ 370.05 million (Rs 2,600 crore).
- In October 2018, Flipkart the Indian e-commerce major entered the insurance space together with Bajaj Allianz in order to provide mobile insurance.
- In August 2018, billionaire investor Mr Rakesh Jhunjunwala announced that it would acquire India's largest health insurer Star Health and Allied Insurance in for a sum of around US\$ 1 billion.
- India's leading stock exchange Bombay Stock Exchange (BSE) is about to have a joint venture with Ebix Inc to build a strong insurance distribution network in the country with the help of a new distribution exchange platform.

ECONOMIC POLICIES

- Full flexibility given to Insurance Regulatory and Development authority (IRDAI) under the insurance bill to frame regulations of the sector.
- Tax incentives on insurance products make the sector more attractive to the tax payers.

- 100 per cent Foreign Direct Investment (FDI) permitted for insurance intermediaries.

EXTERNAL ENVIRONMENT

As we all know, the insurance industry is the foundation of our social well-being. Without risk sharing, advanced economies are impossible. Without insurance, the company's ability to mitigate risks will be limited, and the protection of its assets from catastrophic losses will be impaired. The industry's ability to innovate and provide insurance at a competitive price is critical for all stakeholders.

The world today is facing severe challenges. Fundamental changes in the natural, economic, social, and political fields, changes in stakeholder expectations, and far-reaching technological innovations have led to constantly changing and demanding risk environments. This requires companies around the world to constantly adjust.

External Environment Factors affecting the Insurance Industry

1. Social and economic dynamics

We have entered a period of very low interest rates, and these low interest rates are putting tremendous pressure on the profitability of insurance companies. The insurance industry is basically a profitable industry and invests it before paying claims. Therefore, at a lower return on investment, the insurance industry generates less profit.

The industry did not really generate much profit at the beginning. Over the past 30 years, many US insurance companies have not repaid their capital costs. In addition to low interest rate conditions, there is still a lot of volatility in these returns, especially since the financial crises of 2007 and 2008.

On the positive side, insurance companies have rebuilt their balance sheets. However, market turbulence makes it more difficult to run business. For example, it is much more difficult to find stable and growing assets to compare with long-term liabilities.

2. New entrants

Insurance companies remain relatively stable. Most of them have been in business for more than 100 years. However, recently, the number of new entrants on the market that sell, sell or manage insurance products or provide new funds has increased. The arrival of a series of new businesses has redefined the way insurance is completed and reshaped the industry economy in the process.

The introduction of this fierce price competition in industries where the initial profit is not too high has greatly changed the market dynamics. To make matters worse, other companies have joined the competition, including retailers and their strong brands, as well as telecom companies with telematics capabilities. Even automakers have begun to integrate telematics functions into vehicles, and in some cases even sell insurance directly.

3. The data revolution

Insurance companies have been using a lot of data, but the way they use it is changing dramatically. Previously, if the operating efficiency of insurance companies was high and there was a large amount of risk data, it could be successful by comparing, grouping and underwriting similar risks. Now the data is everywhere. It is everywhere and available immediately. The entire concept of risk sharing may eventually disappear, because in fact, the data revolution will actually allow insurance companies to subscribe at the individual level.

Historically, insurance involves assessing risk. However, in the future, the industry may enter a new field, which will pay more attention to risk management. For example, telematics can be used to provide people with driving scores-let them drive slower, brake more efficiently, turn less, and leave more distance between cars in front.

4. The digital mandate

The convenience and efficiency of online and mobile channels, as well as the commercialization of basic insurance products, have prompted insurance companies to seek new experiences.

Therefore, the digital insurance trend is indeed related to how consumers choose to interact with insurance companies, rather than how today's insurance companies try to determine interaction with consumers. In the future, insurance companies will need to focus more on individual consumers. In this environment, an effective Omni channel strategy and the self-service capabilities of insurance companies will be crucial.

GROWTH STORY OF THE COMPANY

The Insurance industry stands as a major contributor to the GDP of the country & an important pillar of the financial infrastructure. The overall insurance industry is expected to be worth of \$280 Bn by 2020. Gross premiums in India amounted to \$ 94.48 bn in 2018 out of which, the split between life insurance and non-life insurance was as follows:

- Life insurance- \$ 71.1 bn
- Non-life insurance: \$ 23.38 bn

BEGINNINGS

With the scope of growth of the financial market & to protect the life of individuals, Aditya Birla Sunlife Insurance (ABCL) came into being on August 4, 2000 & began its operations in January 17, 2001. ABSLI is a 51:49 a joint venture between the Aditya Birla Group and Sun Life Financial Inc., a leading international financial services organization in Canada. The local knowledge of the Aditya Birla Group combined with the expertise of Sun Life Financial Inc., offers a formidable value proposition to customers

The company offers a complete range of offerings comprising protection solutions, children's future solutions, wealth with protection solutions, health and wellness solutions, retirement solutions, and savings with protection solutions. It has an extensive distribution reach of over 500 cities, more than 540 branches, and 140 partnerships with corporate agents, brokers and banks.

THE VALUES & PHILOSOPHY

The company strives to abide by values of passion, commitment, integrity, seamlessness & speed .

VISION- To be a world-class of financial security to individuals and corporate and to be amongst the top three private sectors life insurance companies in India.

MISSION- To be the first preference of our customers by providing innovative need based life insurance and retirement solutions to individual as well as corporate. Well -trained professionals through a multi-channel distribution network and superior technology will make these solutions available.

ABCL is a platform, **where dreams turn into vision and vision turns into reality!**

Their Values are:

- Integrity
- Commitment
- Passion
- Seamlessness
- Speed

Our EVP- What's in it for YOU?

Career: Opportunities to build and fulfill career aspirations

Learning & Development: Opportunities to learn, develop and grow as a professional

Rewards & Recognition: Opportunities to get rewarded and recognized for commitment and contribution

Enrich Your Life: Opportunities to fulfill responsibilities and lead a healthy balanced life



<https://lifeinsurance.adityabirlacapital.com/>

Company Performance as compared to Industry Performance

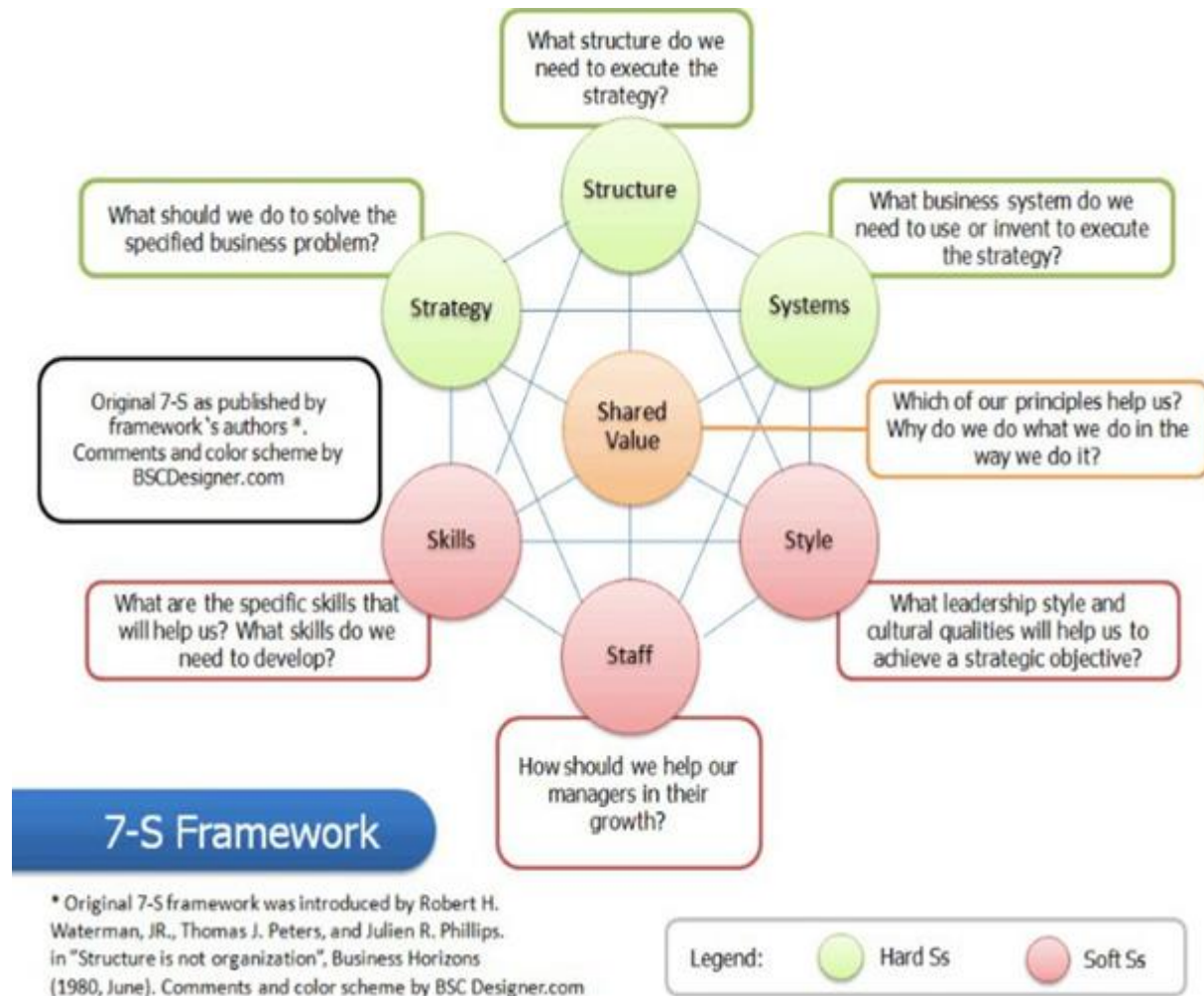
The life insurance industry grew by 13 % in the FY 2018-19 with new business premium of ₹ 1,86,172 Crore against ₹ 1,65,227 Crore in FY 2017-18. But the company growth was of 47%.

The industry is growing at the rate of 14% and is also expected to grow in double digits for the coming years as well. As compared the company growth was 60% far surpassing the industry growth. LIC also grew only by 9% which holds the major market in the industry.

Market share of the company also grew by 125 basis points to 4.2% in FY 2018-19.

ORGANISATIONAL FRAMEWORK (7S)

The 7s framework model was created in the late 1970s by Tom Peters and Robert Waterman, former McKinsey & Company consultants. They recognized seven interior components of an association that need to adjust for it to be fruitful.



- **Skills**

The company's employees aim to influence the decisions and actions of company's customers. They have leadership skills that make them have attitude that enables success. The employees in the company have great communication skills to interact with different clients, have business acumen to under the business environment and have problem solving and negotiation skills.

- **Staff**

The company has a nationwide presence through 425 branches and 8 bank assurance partners. The company also has more than 10,000 employees and a broker base of over 81000.

- **Style**

The behavior pattern in the Aditya Birla Sun life Insurance is professional and polite. The employees are being recognized for their contribution.

- **Strategy**

The main aim of the company is that their customers buy right products as per their requirement. They do not just focus on pushing the products to the customers or miss-selling. They also have free look period because of which the customer can return the product if he is not satisfied.

- **Structure**

The company has a hierarchical system and has a system of reporting of each and every employee. They also have a functional structure so that employees can communicate easily.

- **System**

The company aims to promote healthy competition among all the intern by providing them with certificates. This encourages to sell more policies.

- **Shared Values**

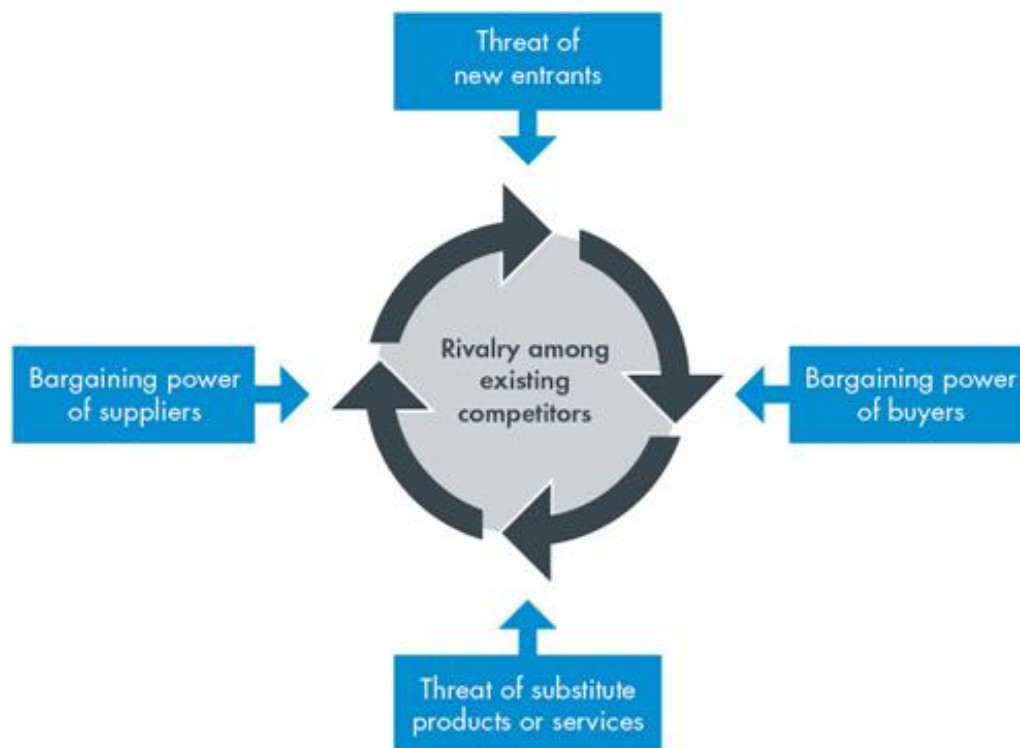
The company follows integrity, commitment, passion, and seamlessness.

PORTER'S FRAMEWORK

Porter's five forces framework is used to analyze the competitive position of an organization in the industry. Various strategic analysts use this model to gauge the attractiveness of a particular market.

The five forces that affect the industry are: bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitutes and competitive rivalry.

Using this framework, we will analyze and determine the competitive position of Aditya Birla Sunlife Insurance.



1. Threat of new entrants

In insurance industry, the threat of new entrant is *medium*. As there are many regulations by government which limits the entry of new organization in the industry. Entry barriers in Industry is high whereas there aren't much restriction or regulation for exiting the industry.

Following are the factors that affect the entry of new firm in insurance industry:

- Private companies require minimum capital of Rs. 100 crores to enter in this sector.
- If any foreign company wants to enter the industry then it is necessary for them to collaborate with domestic firms.

- Many big firms having high brand equity aid various new entrants in the market, through JV or collaboration. For Ex: Sunlife Financial Co. of Canada formed JV with Aditya Birla Group, resulting in Aditya Birla Sunlife Insurance.
- Start-ups costs for financial firms are low, inducing many player to enter the market.

2. **Bargaining power of buyers**

Bargaining power of buyers is *moderate to low* in insurance industry. There are mainly two broad categories of buyers in this industry i.e., individual and institutional buyers or corporate firms.

Generally, corporate buyers contribute more to the retail sales of various insurance companies than retail buyers. Corporate buyers have more bargaining power as they tend to place bigger orders. Also, corporate buyers are more informed than institutional buyers and hence they compare various products offered by different companies in the market, hence they have more bargaining power.

From above points, we can say that in case of ABSLI buyers have low to moderate bargaining power. ABSLI try to provide & customize the products or services according to the needs of the buyers. Also, they have a very high claim settlement ratio of 97.15%, which indicates that they are very reliable and trusted by their customers.

3. **Threat of substitute products or services**

The threat from substitute products or services in financial investment sector is pretty *high*. As more and more insurance companies and banks are coming with new financial investment instruments, hence resulting in larger number of substitutes to traditional life insurance.

There are broadly 3 kinds of substitutes for insurance products in the financial market: mutual funds or equity, self-investment in real estate or commodity, and bank fixed deposit.

Generally, investment in mutual funds and equity is increasing, as people are becoming more informed and focusing on preserving and compounding their wealth. Also, bank FDs are always considered more safer and reliable option by Indian retail investors thus posing a great threat to insurance products.

Thus, although there exist a high-level of threat from substitutes in insurance industry but the threat of substitution for ABSLI is very *moderate*.

• **Bargaining power of suppliers**

In this industry, suppliers have more bargaining power because generally there are many channels involved in the process. More than 50% of distribution is done by bancassurance and more than 75% of

distribution of services happens through indirect channels. Thus, suppliers generally enjoy *moderately high* bargaining power.

Also, various banks, advisors, and NBFCs enjoy strong bargaining power as they are directly in contact with the end-buyers and have higher degree of influence over them.

In case of Aditya Birla Sunlife Insurance, around 83% of distribution is done through indirect channels through various banks, agents and distributors. Thus, these intermediaries tend to have strong influence over customers and stronger bargaining power.

4. Rivalry among existing competitors

In this industry, the rivalry among existing competitors is *very high* in intensity. There are few big players in the market, enjoying the larger share of the market and posing great threat to various market players.

LIC is the leader in the industry, enjoying the market share of 55% and having high brand equity and trust of customers, on the other hand, HDFC is growing at a rapid rate and emerging as leading company, this enjoying the market share of 14%.

Many other competitors of ABSLI like SBI life, ICICI Prudential and Max Life enjoy the market share of 15-20%.

Aditya Birla Sunlife Insurance enjoys the market share of around 5% in the industry. They are rapidly growing and trying to overtake their competitors.

PROBLEMS AND CHALLENGES

Problems and challenges which the company will face in near future:

- Though India's youth may be a huge asset, unemployment rate stood at 6.1% in FY 2018, a four-decade high. Also, only 47% of Indian graduates are employable.
- The recent NBFC crisis may suggest a critical need for restructuring economic reforms.
- Rising trade wars may paint a gloomy picture for Indian exported and importers. US have done away with the preferential trade treatment for India and India too has imposed tariffs on a few imported good.
- NPA's have the banks and investors troubled. Gross NPA stands at 9.30% as on March 2019 and public sector banks are most affected.
- The expectations from the new finance minister have increased. With the current fiscal deficit at 4.52% in February 2019 and, crossing the government expectation by a 134%.
- Also Life Insurance Corporation (LIC) alone acts as the biggest threat to the company as it has captured a huge share of the market for a long period of time as it is backed by the government.
- Among the private sector as well companies like ICICI prudential has been using its banking channels for the insurance distribution process which has hurt the customer base of Aditya Birla Sun life which is why the company has tied up with HDFC in order to create a banking channel for the distribution process. Therefore in order to sustain in the market the company has to come up with various other tie ups like this.

Possible Approaches to address the Problems

- Being a prominent player in the Market, Birla Sun life has been a trusted company since 2 decades, but lacks behind many prominent players in the market. With the help lucrative policy options and backup from its parent company, it should focus on client acquisition to grow in the long run.
- The competition is all time high and the due to entry, the company has to keep on innovating with its products and services by bringing returns for customers in a technological advance way.
- The management and the company's goodwill is a major contributor in the client acquisition and retention. The company should hire talented individuals and provide necessary training to overcome many different problems.
- One of the recent examples of economic instability is COVID-19 which has affected the world economies and the companies around the globe are facing financial crises. The company should plan for such crises well in advance so that the company performance. Employees and its customers are not much affected during these tough times.

PHASE- II

INTRODUCTION

I was employed as a finance intern at Aditya Birla Sun Life Insurance Company Limited. My internship started from 8th of April and ended on 10th of June. I was hired for the role of equity research and portfolio management although the work which we have been doing is of a sales intern, which includes '**client acquisition**'. Following are the details which explain our nature of problem and how we are asked to solve the problems:

INFORMATION/ NATURE OF PROBLEM:

The nature of problem at my work place is to make calls to the prospective customers and convince them to invest in Aditya Birla's Life insurance policies. In order to give us the knowledge about the products of the company, the trainer of ours, spent first month of our internship on making us thorough with the policies which the company is providing and we were asked to clear as many doubts as possible so we need not have any problem while conversing with the prospective clients and for this we were asked to attend a video call session of around 2-3 hours every day. We were taught 2 life insurance policies naming: **Vision Life Income** and **Term plan** and we were asked to pitch these policies to the customers.

At the latter half of the second month of internship, we were asked for daily feedbacks regarding the calls we were making and what were the responses of the customers we had a talk with and at the end of the internship we were asked to prepare a excel sheet of all the prospective clients with whom we pitched the company's product. This file for prepared so that the company employees can have feedback about our performance and if they actually received a call from our end or not. Also were provided details of various NRI clients from our LinkedIn connections because NRIs are more interested in buying ABSLI's policies.

Although at the start of the second month there were 1-2 sessions conducted regarding equity research, for which we were actually hired. But after that there was not any such session and we were asked to do an equity research on two companies from same sector and I chose paint sector wherein **Asian paints** and **Nerolac** has been chosen.

Hence, our job was basically divided into 2 segments:

- **Tele callings**
- **Equity Research**

EQUITY RESEARCH

Meaning:

Equity research helps determine the attractiveness of an investment which will help make smart decisions for a private as well as a corporate investor. The career in equity research has become quite lucrative, thanks to the growing number of investors and also an increase in the number of foreign Investments. Equity research studies the financial statements, industry trends, competitors, economic conditions, etc., which enables the investors to make a wise and informed decision

Equity Research Process:

The team of analysts conducts through research. They collect comprehensive information and critical data. They conduct a rigorous research and analysis to provide us with details such as the company financial reputation, history, about their market shares and company news and other useful information. This also includes sector reports and market estimates. Due to vast geographical reach, they have good knowledge of the various industries and the market.

A high quality research report of the equity research will be provided to us that also suggest Future beneficial investments. This report captures the returns and the risks involved making us more confident about our present investment decisions. Companies globally are adopting equity research before taking critical decisions of investment. They find out all the highs and lows and the future growth rate of a company which we are investing in. The equity research combined with the awareness of the strengths and weaknesses of the company is highly beneficial. It provides us with a clear picture for investments.

EQUITY RESEARCH IN PAINT SECTOR



SECTOR ANALYSIS:

The Indian paint sector is inclusive of companies like **Asian Paints, Berger Paints, Kansai Nerolac, Azko Nobel** etc. The Indian paint market in many ways is different from other markets. It has been a unique market when compared to the other markets in the world. India has over more than 50,000 paint shops or outlets. Indian Paint Company's distribution policy directly caters to more than 25,000 shops and is unlike other industries where companies operate through distributors. Each Paint company has a large number of depots to service these outlets and a large sales force for this purpose.

The Indian paint sector is **highly fragmented** i.e. there are both organized and unorganized players. It is estimated that organized players account for around 60% of paint sales in the country. This has risen from around 40% five to six years back. One of the key reasons for this shift is the **decline in excise duty over the years**. Since unorganized players were not paying taxes, they were able to sell products at a cheaper rate without any significant investment in technology. With the advent of a fall in excise duty, **unorganized players are losing competitiveness**. This is further helped by lowering of customs duty, which results in cheaper raw material cost for organized players. So, watch out for announcements on these fronts in the annual Budget.

There is a phenomenal growth on the housing sector front with rapid urbanization and availability of easy-to-secure housing loans which have become the prime drivers of growth in the decorative paint segment, which comprises 70% of the \$2 billion Indian Paint industry. An average increase of growth of about 10% in the automobile sector contributes to 50% of the revenues in the industrial paints segment. In both categories, companies in the organized sector focus on brand building. Higher pricing through product differentiation is also followed as a competitive strategy.

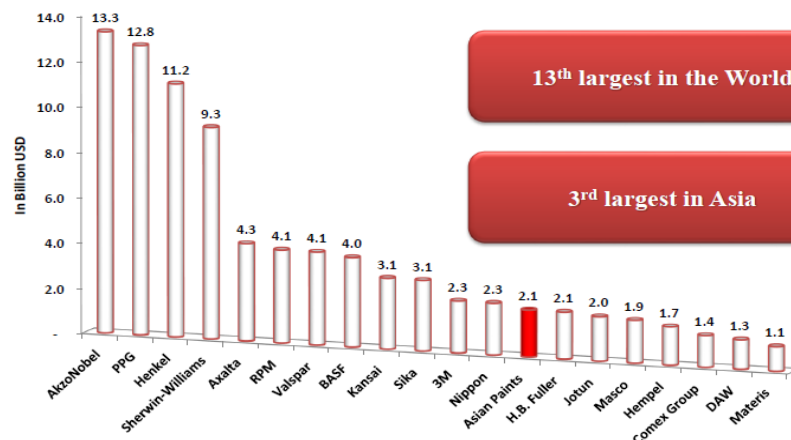
ASIAN PAINTS:

Asian Paints is the largest paints company in India and figures among the top players in the world. The company has 25 manufacturing plants in 17 countries, serving consumers in 65 countries globally. The decorative segment accounts for almost 70% of the overall paints market. Paints sales in domestic and international markets contributed 81% and 13%, respectively, to the company's consolidated revenue; chemical sales accounted for the balance.

Worldwide Operations...



Global standing...



* Coating World 2014 Rankings

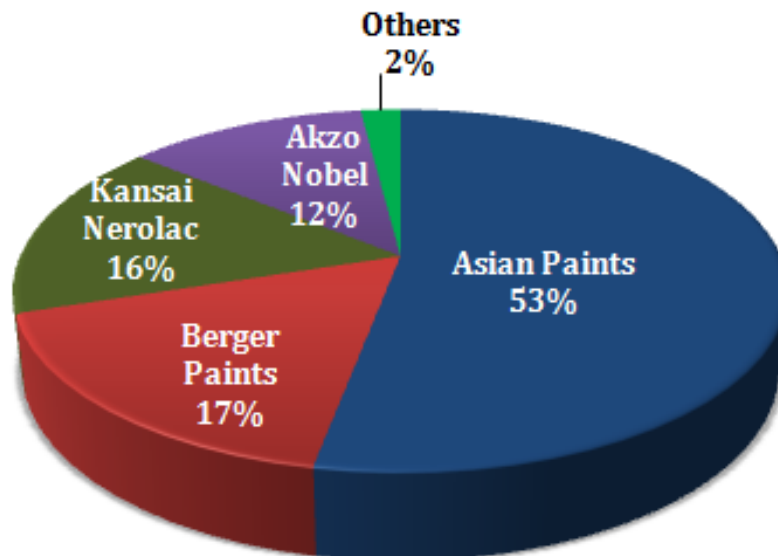
NEROLAC

Kansai Nerolac Paints was incorporated in 1920 as Gahagan Paints and Varnish Company. Later in 1930, three British companies were merged and Lead Industries Group was established. Today Kansai Nerolac Paints is amongst the leading paint companies in India Headquartered in Mumbai, company's manufacturing facilities are located at Uttar Pradesh, Maharashtra, Tamil Nadu and Haryana.

Automobiles and infrastructure trigger fresh opportunities in the form of smart cities. All this is positive for the paint Industry. Going forward it is expected that all paint segments like decorative, automotive and performance coatings will benefit from this revival. However, the recent unseasonal rains and its impact on the farm output together with a relatively poor forecast is likely to act as a dampener.

KNPL is the Market leader in the Industrial & Automotive Coatings Segment and it continued to gain share in this segment in the current financial year as well. KNPL focused on technology upgradation and worked closely with its customers to enhance the value of its offerings. KNPL continued to be on the forefront of technology with an enhanced focus on Environment protection and has undertaken many initiatives on the same front for its auto customers

Major Players of Indian Paint Industry



OBJECTIVES OF THE STUDY:

The primary objective of this internship was **to bring as many clients as possible** for the company and for this I was given 1000 contacts to have a talk with these prospects. I at the end of the internship had talked with 300 of these contacts but I was unable to close any client. Many prospects seemed to be interested but the current situation of the market does not allow them to invest their financials in insurance which demands a long term investment.

Equity Research

The other objective of the internship was to enlighten us about the equity research process and what all are the tools which are used for comparing the equity situation of two companies of same sector. We were also, taught how crucial is reading daily news about companies as it can be helpful for an investor who is interested in investing in the shares of a particular company.

Primary Objective:

a) The main objective of equity research is to study companies, analyze financials, and look at quantitative and qualitative aspects mainly for decisions: whether to invest or not.

Sub-Objectives:

- a) To justify the current investment in the chosen securities.
- b) To understand the movement and performance of stocks.
- c) To recommend increase/decrease of investment in a particular security.

UTILITY OF THE STUDY:

Utility of the tele callings:

The utility of the activities which we did in our internship helped the company in spreading a word of mouth as we were able to convey the information regarding the plans which the company is providing to many individuals. Also many of the customers were not willing to take any policy right now because of financial crunch but they liked the product and assured us that they will re contact the company ones the situation is back to normal.

We were also able to increase the digital presence of ABSLI by promoting the company's various products and plans with the help of posters and videos which we posted on various social media platforms like Facebook, Instagram.

While the utilities for of Equity research is:

- This study intends in getting known to various patterns used in the analysis which can help in making correct investment decisions (entry and exit).
- In the current uncertainty and despite the surprising rally in the market, fundamental and technical analysis continues to forecast specific target level for stock and indices.
- Fundamental analysis helps to conduct a company stock valuation and to make a projection on its business performance. It evaluates its management and makes internal business decisions and calculates its business risk.
- Technical analysis determine the future level by examining the past price movement and trading volumes of stocks and indices.
- The scope of this project is limited to only one sector i.e. Banking sector. This project is concerned with only one sector of companies in the stock market. The project does not extend its scope to any other sector of companies.
- Also, the project is concerned with only three banks among the major players in the Banking sector i.e. – AXIS Bank ,HDFC Bank ,ICICI Bank ,Bank of Baroda ,Punjab National Bank &State Bank of India

RESEARCH METHODOLOGY:

Following are the methods which we used in our company to attract customers for the company policy:

1. Approach:

Approach used in tele callings

There were various approaches used for tapping the prospects for making them buy the life insurance cover. The approaches include video making, poster making, and cold calling.

In the video making part we were asked to make 5 videos of which 1 was for the product promotion and other 4 were just informational videos. We were asked to put these videos on social media on our own accounts to promote the company and its products.

Secondly, we were asked to make posters explaining the importance of a life cover and how the company can help in tough times. For this segment I made 15 posters and these posters were posted on social media platforms. Although his technique did not attract any customers and we did not receive any enquiry regarding the product.

Thirdly we were asked to make cold calling to our friends, relatives and find contacts from LinkedIn and pitch them the company's product. Also were collected NRI contacts from LinkedIn and sent them to the company. I personally was given 1000 contacts to tap the prospects of which I have currently talked with 300 people and got a positive response from few but I am yet to close any client.

In this process if a customer seems to be interested, we ask his/her age and generate a plan for him and send the illustration to him via email. This illustration includes all the benefits which the individual would be getting and what will the premium which he will have to pay every year. If the person seems interested we have further discussion about the product.

Then comes the part of equity research which we were taught in 1-2 sessions. To make us understand the practical approach of equity research we have been asked to prepare a report in which, we will have to take 2 companies from same sector and do an equity research on them.

Approaches used in equity research:

- **Fundamental approach:** In this approach the investor is concerned with the intrinsic value of the investment instrument. Given below are the basic rules followed by the fundamental investor.

There is an intrinsic value of a security, which in turn is dependent on the underlying economic factors. This intrinsic value can be ascertained by an in-depth analysis of the fundamental or economic factors related to an economy, industry and company.

- **Psychological approach:** The psychological investor would base his investment decision on the premise that stock prices are guided by emotions and not reason. This would imply that the stock prices are influenced by the prevalent mood of the investors. This mood would swing and oscillate between the two extremes of “greed” and “fear”. When “greed” has the lead stock prices tend to achieve dizzy heights. And when “fear” takes over stock prices get depressed to lower than lower levels.

2. Source of data:

For the purpose of sales following were the data sources used:

- LinkedIn connections
- Company Data.
- Personal contacts

Also, **for the purpose of equity research** following methods were adopted:

The research is generally based on secondary data analysis. The study has been exploratory as it aims at examining the secondary data for analyzing the previous researches that have been done in the area of technical and fundamental analysis of stocks. The knowledge thus gained from this preliminary study forms the basis for the further detailed Descriptive research. In the exploratory study, the various technical indicators that are important for analyzing stock were actually identified and important ones short listed.

3. Usage of data:

This data was used for calling the customers. Calling was generally made during the afternoon hours and I made 15-20 calls daily. Each call lasted for an average of 2 minutes. We also recorded the calls as we were asked to submit the call recordings to our manager.

The equity research data was analyzed using the following techniques:

Securities Analysis

An analysis of securities and the organization and operation of their markets. The determination of the risk reward structure of equity and debt securities and their valuation. Special emphasis on common stocks. Other topics include options, mutual funds and technical analysis.

Technical analysis is a method of predicting price movements and future market trends by studying charts of past market action which take into account price of instruments, volume of trading and, where applicable, open interest in the instruments.

Fundamental analysis is a method of forecasting the future price movements of a financial instrument based on economic, political, environmental and other relevant factors and statistics that will affect the basic supply and demand of whatever underlies the financial instrument. Main differences between the two types of analysis:

Fundamental analysis	Technical analysis
Focuses on what ought to happen in a market	Focuses on what actually happens in a market
Factors involved in price analysis: 1. Supply and demand 2. Seasonal cycles 3. Weather 4. Government policy	Charts are based on market action involving: 1. Price 2. Volume 3. Open interest (futures only)

Fundamental analysis and technical analysis can co-exist in peace and complement each other. Since all the investors in the stock market want to make the maximum profits possible, they just cannot afford to ignore either fundamental or technical analysis.

4. Method of Sampling:

In term of tele callings there was no particular method of sampling followed, as the calls we made were random.

Although firstly we tried to tap our own connections and then we went for the outsiders through LinkedIn.

While in the equity research process the sample of the stocks for the purpose of collecting secondary data has been selected on the basis of Random Sampling. The stocks are chosen in an unbiased manner and each stock is chosen independent of the other stocks chosen. The stocks are chosen from the Banking Sector.

The size of the sample here is two as I have compared 2 companies for the equity research process.

PRESENTATION OF DATA:

Following is the data of some of the individuals we contacted during our internship for the sale of the products:

	A	B	C	D	E
1	Mr. Abhijeet Parate	918390829404		adhiparate@rediffmail.com	not interested
2	Mr. SANDESHKUMAR DOM	918217691187		sandeshkd9@gmail.com	cannot connect
3	Mr. Vishal .	917558299971		vishal.awasthi84@gmail.com	invalid number
4	NISHANT MISHRA	8208822534		nishant.bas@gmail.com	cannot connect
5	Mrs. Vaishali Bichkar	919767610579		neetab767@gmail.com	hung up
6	NAMRATA .	8055017170		namrata.agrawal22@gmail.com	hung up
7	Mr. Nakul Polakhare	9890107645			cannot connect
8	Mr. Omprakash T	7447474095			not interested
9	ARVIND P	9766113940		arvind_pilane@yahoo.com	invalid number
10	Mrs. Akshata .	919619253326		text2bharati@gmail.com	didn't pick up
11	VIMLESH KUMAR	918600777115		vimleshimsec@gmail.com	invalid number
12	Mr. Ashutosh Maurya	919867388794		ashumaurya67@gmail.com	didn't pick up
13	Mr. Abhay Kapoor	918849014820		abhaykapoor1101@outlook.com	switched off
14	Mr. Hitesh Hitesh	919527452740		hiteshkatre@yahoo.com	invalid number
15	Mr. Jagannath Pandhare	919930964883		starwish83@gmail.com	didn't pick up
16	Mr. Tushar Indalkar	919561126455		tushar.1189@yahoo.com	didn't pick up
17	Mr. Nikhil Jaiswal	919595542210		nikhiljaiswal1992@gmail.com	invalid number
18	Mr. Sawan Mahajan	919890423511		saavan10@gmail.com	cannot connect
19	Mr. Sanket Wlankar	919819656410		sanketsw01@yahoo.com	invalid number
20	Mr. Kalidas Kshirsagar	919730030737		kalidaskshirsagr74@gmail.com	not interested
21	PRUTHVIRAJ Chavan	8983414212		pruthvi.c21@gmail.com	not interested
22	Mr. Ravi Singh	919561723491		prakashsingh.ravi@gmail.com	not interested
23	Mr. Rajeev Kanade	919920550057		rajeev6897@gmail.com	cannot connect
24	Mr. Aditya Singh	917276338896		adityasingh429@gmail.com	already have or
25	Mr. Nilesh Purandare	919850894535		nilesh.purandare@barclays.com	hung up
26	Mr. Anant B	918007773699		abramhankar@gmail.com	didn't pick up
27	Mr. Sandeep Shinde	919960782335		sandeepshinde@yahoo.com	didn't pick up
28	Mr. Harshal Jain	918356059718		harshaljain90@gmail.com	hung up
29	Heramb KULKARNI	9765175939		kulkarniheramb@gmail.com	not interested
30	Mihir Chatre	919850835504		cmihirhere@gmail.com	not interested
31	Mr. Dashrath Jadhav	919765807661		dashrathpjadhav@gmail.com	need follow up
32	Mr. Ningraj Vathare	917410501708		nvathare@gmail.com	not interested
33	Mr. Brij Mohan Tomar	919752155263		brijon.tomar@gmail.com	didn't pick up
34	Mr. Vijay Bhosale	919011265976		vijay.bhosale@hotmail.com	not interested
35	Mr. Ram veer Yadav	918848307532			didn't pick up
36	Mr. Manoj Sahu	919146187377		manoj.sahu01985@yahoo.com	not interested
37	Mr. Vedant S	918446332277		vedant.s89@yahoo.com	invalid number
38	Mayura Biradar	917774926905		mayura.v.biradar@gmail.com	hung up
39	CHETAN PATIL	7875506606		cbpatil1992@gmail.com	invalid number
40	PIYUSH GUPTA	917798415219		guptarahi18@gmail.com	cannot connect
41	Neethu Mohanty	8007307259		bijay.mohanty@hotmail.com	invalid number
42	Rachana Singh Virbhan	9689900544		prateekvirbhan@gmail.com	did not pick up
43	Mr. Lalit Choudhari	919822330753		lalit_007007@hotmail.com	already has 2 p
44	AMIT ZUNJARRAO	8007786385		amitzunjarrao@gmail.com	hung up
45	Mr. Rohit .	919657862411		rohitnand.me@gmail.com	not interested
46	Mr. Virat Hindolha	919422168283			did not pick up
47	Mr. Kumar Pranawa	918605977500		kpranav008@gmail.com	invalid number
48	Mr. Manish Saini	919975607519		manishsaini84@gmail.com	cannot connect
49	Mr. Navin Shidame	918625059740		navinshidame@gmail.com	very much inter
50	Mr. Rohit Das	919049462288		dasrohit@gmail.com	clearly declined
51	Mr. Harpreet Ahluwalia	917020703811		nms.ahluwalia@gmail.com	hung up
52	Mr. Rakesh Bhavsar	919975012704		rakeshb@yahoo.co.in	call again
53	Mr. Chandrakanta .	919769253718		cchandrakanta@gmail.com	didn't pick up
54	Mr. Dhiraj kumar	919096137774		dhiraj21hbt@gmail.com	not interested
55	Mr. Amit Kumar	917738627013		amit.kumar00177@gmail.com	invalid number
56	Mr. Rajeev Kumar	917875408000		rajiv_ky2@yahoo.com	hung up
57	Mr. Pawan Parashar	917406523761		parashar_pawan@gmail.com	invalid number
58	VISHAL Bhatia	919766898837		vishy8185@gmail.com	cannot connect
59	Mr. Deven Bhangale	918208185875		deven41990@gmail.com	invalid number
60	Mr. Rohit Saini	917774078222		rohitsa27@gmail.com	didn't pick up
61	Mr. Amarjeet Chavan	919228233744		amarchauhan@gmail.com	switched off
62	Mr. Shyam Akhade	919021829749		shyamaakhade@gmail.com	invalid number
63	Prateek KHARE	919619684970		piyush300186@gmail.com	didn't pick up



Sheet1 ▼

Sheet2

Sheet3



Following is the questionnaire which was used to collect information and their views about insurance and eventually a plan was suggested to them according to this information:

QUESTIONNAIRE

1) Name : _____

2) Age

0-18()

18-30()

30-45()

above 45()

3) Sex :

M () F () other ()

4) Occupation

Businessman () professional () Student () House Wife () Other()

5) Marital status

Married () Unmarried ()

6) Income _____

7) Do you have insurance?

a) Yes b) No

8) What is the main purpose of insurance policy (rank them in order of 1-4, 1being most imp and 4 being least)

a) Tax benefit

b) Savings

c) Protection

d) Investment

9) What do you look before buying insurance policy (rank them in order of 1-4, 1being most imp and 4 being least)

- a) Goodwill of company
- b) Range of product
- c) Features of product
- d) Services offered by company
- e) Returns

10) Do you purchase policy under someone's influence?

- a) Yes b) No

11) I prefer to do need analysis before purchasing insurance policy?

- a) Yes b) No

12) Which insurance plan do you prefer to buy?

- a) Protection plan b) investment plans
- c) Children's plan d) other

13) What do you expect from insurance companies?

- a) Innovative products
- b) Attractive riders
- c) Reasonable premium
- d) Better customer services
- e) High risk coverage

14) Are you satisfied with previous insurance policy you brought?

- A) People who did need analysis:

a) Yes b) No

B) People who did not do need analysis

a) Ys b) No

15) If you don't have any insurance policy, are you looking to buy one?

a) Yes b) No

16) If no then why?

17) Any Remarks or Suggestions?

COMPARISON OF VALUATION BOTH THE COMPANIES- Asian Paints and Nerolac

VALUATION			2019
RATIO	FORMULA	ASIAN PAINTS	KANSAI NEROLAC
Price To Book Value- A high P/BV indicates that markets believe the company's assets to be undervalued or that the company is earning and is expected to earn in the future a high return on its assets.	$\frac{\text{STOCK PRICE}}{\text{TOTAL ASSET-INTANGIBLE ASSET \& LIABILITIES}}$	15.44	7.56
EV to sales- Generally the lower the EV/sales the more attractive or undervalued the company is believed to be.	$\frac{\text{MARKET CAP+ DEBT+ PREFERENCE SHARE-CASH}}{\text{ANNUAL SALES}}$	4.9	3.2
EV to EBITDA- A low ratio indicates that a company might be undervalued. The enterprise multiple is used for several reasons.	$\frac{\text{ENTERPRISE VALUE}}{\text{EBITDA}}$	30.84	25.7

RESULTS AND ANALYSIS

Results and analysis of tele callings:

The results which we derived from the methods we used does not seems to be in our favor, as I was not able to close a single client till date and same problem was faced by my other colleagues as well.

Following are the reasons which we interns concluded for such negative response:

- The current situation of Covid-19 does not allow their financials to invest in any of the financial instruments as most of them argued that 'Now is not the right time'.
- Also many of the people had not received salaries for last 2-3 months and they clearly had no interest in exhausting their current financials.
- Many people already had taken insurance cover and they had no plans to take any more of such plans. Also many of the companies have tie ups with insurance agencies and the company employees are bind to have an insurance with the companies with they had a tie up.
- Due to the current pandemic many of the people were interested to buy health insurance instead of life insurance, but we were not authorized to sell health insurance policies.

Result and analysis of Equity Research in paint sector:

The analysis part of Equity Research is divided into 2 methods:

- Fundamental Analysis
- Technical Analysis

But we only used fundamental analysis for the purpose of equity research in paint sector

Fundamental Analysis

Fundamental analysis is a method of analysing a stock or any type of security by measuring its intrinsic value. This is done by studying all the things that can influence this value such as the company's financial and management condition, that of the industry, and the overall economic conditions. The key objective of doing this kind of analysis is to produce a value which can be compared against the current price so that an investor can figure out if he or she is going to buy or sell the security.

Fundamental Analysis is divided into 2 categories—

- Quantitative analysis
- Qualitative analysis

Qualitative Analysis:

Qualitative analysis is done using EIC analysis i.e. Economy, Industry, Company. It is a top down approach, in this we move from macro to micro aspects

- Economy – we look at the economic health of the country which includes GDP data, FII's/DII's, Forex Reserves, Monetary and Fiscal policy, Political scenario, Union Budget, Monsoon Forecast etc.
- Industry – in this we look at the potential of the industry in the economy. The government support given to the industry e.g. Bharat Mala Project Finalized by the Hon' Prime Minister Narendra Modi.
- Company – in this we look at the competitive advantage of the company with respect to its peers, management team & CEO track record, the future prospect of the company and the range of products and services provided by the company.

Quantitative analysis

Quantitative analysis is done by analysing the Financials of the company i.e. Profit & Loss A/c, Balance Sheet & Cash Flow Statement & Financial Ratios of the company. For a broader view we also look at the previous year's statements.

- **Financial Ratios** – it includes the following ratios

1. **Price to Earnings Ratio**- P/E ratio is the ratio of the market price per share to earnings per share. It tells how much the market is willing to pay a company's earnings. A higher P/E ratio means that the market is more willing to pay for the earning of the company vice versa.

Industry P/E – it refers to the average P/E of all the companies in that Industry. If company P/E is higher than the Industry P/E, then that company is overvalued which means it requires more fund to earn 1 rupee against the industry requirements. If company P/E Lower, then the industry P/E then that company is undervalued which means it requires less funds to earn 1 rupee against the industry requirements.

2. **Price to Book Ratio** – P/B ratio is an investment valuation ratio used to compare market value of a company's share to its book value. This ratio indicates how much shareholders are paying for a company's net assets. Low ratio represents a good sign for the company.

3. **Earnings per Share** – EPS are the portion of a company's profit allocated to each outstanding share. EPS serves as an indicator of a company's profitability. Earnings per share is a major component used to calculate the price-to-earnings valuation ratio. The higher the EPS the better are the growth prospect of the company. Two companies could generate the same EPS, but the company having less investment will be considered as a better performer.

4. **Return on Equity ratio (ROE)** – The return on equity ratio is a profitability ratio that measures the ability of a firm to generate profits from its shareholder investments in the company. The higher the ratio percentage, the more efficient management is in utilizing its equity base and the better return it to investors.

5. **Return on Assets (ROA)** – It is a profitability ratio that measures how efficiently a company can manage its assets to produce profits during a period. Higher ratio is favoured to investors because it shows that the company is more effectively managing its assets to produce greater amount of net income. A positive ROA ratio usually indicates an upward trend as well.

6. **Return on Capital Employed (ROCE)** – it measures how efficiently a company can generate profits from its capital employed by comparing net operating profit to capital employed. A higher ratio would be more favourable because it means that more rupees of profits are generated by each rupee of capital employed.

7. **Total Debt to Equity Ratio (D/E)** – it measures a company's financial leverage is typically called Debt/Equity ratio. The D/E Ratio indicates how much debt a company is using to finance its assets. A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt which indicates high level of risk.

8. **Current Ratio** – the ability of a firm to pay short-term and long-term obligations is called current ratio. The higher the current ratio, the more capable the company is of paying its obligations. Value under 1 indicates that a company's liabilities are greater than its assets and indicates that the company may be unable to pay off its obligations if they came due at that point.

9. Financial Statements

- Profit & Loss Statement
- Balance Sheet
- Cash flow statement

CONCLUSION

Using all the above tools of analysis it can be concluded that Asian paints is dominating the market since its establishment and this can be witnessed by analysing all the financials of the company and the company seems in a very stable position with constant return of profit. In most of the accounting measures Asian paint is leading and that is the reason it is the third largest paint company in the world and is also globally sold and manufactured.

Although Nerolac is also not very far behind then Asian paints as the company is the second biggest competitor in paint industry of the country and dominates in the automobile market as its products are used for painting vehicles and Maruti Suzuki is one of its biggest partner who is contributing a huge amount of money towards the revenue of Nerolac.

Apart from this there are high chances that this industry will grow further because of various upcoming plans of the government including development of smart cities. This will also help in the growth of the companies like Asian paints and Nerolac.

Hence, both the companies seem viable option for investment as both the companies are generating brilliant results.

LEARNINGS:

- In this internship we learned how to converse with the prospective customers and how to convince them in buying our company's product.
- I also learned about the problems which the company is facing due to the current Covid-19 situation and what are the company's plans to overcome this situation.
- Also we came to know about the consumer perspective and what are the reasons which avoid them to buy an insurance cover and how this pandemic is impacting upon their lives.
- We also learned social media marketing and how can we promote our services online and what impact it can create on our sales.
- Social media marketing also helped us in learning to make poster and videos for promotional purposes.
- We were also asked to make a presentation on a company product and our manager guided us on how to make a professional power point presentation.
- We also came to know a little about the equity research process and how to compare the financial soundness of 2 companies which belong to the same sector.



PS: One of the many posters made by me in order to promote insurance products of the company on social media.

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