

**Company Overview**

Go Digit General Insurance (Go Digit) is a leading digital full-stack insurance company, leveraging technology to provide an innovative approach to product design, distribution, and customer experience for non-life insurance products. The company offers motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance, and other insurance products, which customers can customize to their needs. In 9MFY24 & FY2023, Go Digit catered for ~82.5% & 82.1% of the Gross Written Premium (GWPs) written by the digital full stack. Insurance players (including Go Digit, Acko and Navi) make the company the largest digital full-stack insurance player in India. The company has launched 74 active products across all business lines. As of 9MFY24 and FY2023, Go Digit achieved a market share of 6.0% and 5.4%, respectively, in the motor insurance segment. On the technology front, the company has been one of the first non-life insurers in India to operate entirely on the cloud. The company had 1,883 API integrations with partners as of December 31, 2023, with 34.54 million policies issued by partners with API integrations from inception to December 31, 2023.

**Objects of the issue**

The net proceeds from the fresh issue will be used towards the following purposes:

- Maintenance of solvency ratio;
- General corporate purposes.

**Investment Rationale****Focus on empowering distribution partners for superior customer service**

The company's distribution partners include individual agents, POSPs, corporate agents, motor insurance service providers ("MISPs") and brokers. The company empowers its partners by providing a variety of ways in which its partners can access and interact with them, such as through Aria, an AI-powered bot developed in-house to help distribution partners. The company also works with its partners to provide them with digital insurance solutions that customers can access at the point of sale. The modular APIs are designed to meet the partner's specific needs. The company has developed APIs for partners that fully integrate the quote process, policy endorsement and cancellation, payments and claims registration with the partners' systems. The company's partners can access information and a broad suite of tools that allow them to understand better, target, acquire and service business. Throughout the policy issuance, endorsement, reconciliation and claims processes, the company provides its partners with tools to help them efficiently manage their book of business and provide superior service to customers. Thus, Go Digit empowers distributor partners and provide exceptional customer service, leading to market share gains, healthy growth, and profitability.

**Building technology-enabled solutions to automate underwriting is a key differentiator**

Go Digit technology enables efficient underwriting, which is a differentiator among insurers. The company builds technology-enabled solutions and employs a hybrid model of AI-enabled analytics and human assessment to streamline the value chain, assist its customers, partners and employees and drive efficiency. The company's technology platform empowers customers and partners and allows customers to customize insurance features, such as pricing and coverage. As of December 31, 2023, they had 473 active AI-driven microsystems to automate processes for the benefit of its partners and customers. The company has automated policy issuance in group health insurance through bots that run 24x7 and issue the policy through minimal human intervention. Depending on demand, the system can also scale up or down automatically. Due to the data bank and technological integrations, the company has an efficient underwriting that enables them to design, price and launch new products within a quick turnaround time. The company has also developed self-service options with 24x7 live chatbot assistance for customers and partners on popular messaging tools such as WhatsApp and the company's website. The company believes that it has overcome challenges historically associated with underwriting motor insurance in India, allowing it to capitalize on the sizable opportunity in the market.

**Issue Details**

Offer Period	15 <sup>th</sup> May 2024 - 17 <sup>th</sup> May 2024
Price Band	Rs. 258 to Rs. 272
Bid Lot	55
Listing	BSE & NSE
Issue Size (no. of shares in mn)	96.1
Issue Size (Rs. in bn)	26.1
Face Value (Rs.)	10

**Issue Structure**

QIB	75%
NIB	15%
Retail	10%

BRLM	ICICI Securities Ltd., Morgan Stanley India Ltd., Axis Capital Ltd., HDFC Bank Ltd.
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Registrar	Link Intime India Pvt. Ltd.
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Particulars	Pre Issue %	Post Issue %
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Promoter and Promoter group	83.31	73.58
Public	16.69	26.42
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

## Go Digit General Insurance Ltd.

### Valuation

Go Digit General Insurance is one of the leading digital full-stack insurance companies, leveraging technology to provide an innovative approach to product design, distribution, and customer experience for non-life insurance products. The company's business model focuses on making it simpler for customers to understand and customize the products using technology on the front end and in-house developed software at the back end to speed up underwriting and claims processing times. The company's primary addressable market is the non-life insurance market in India, which is among the top five in the Asia-Pacific region measured by GWP. Traditionally, public general insurers have dominated the Indian insurance market. However, private non-life insurers have captured significant market share, increasing from 40.3% in FY13 to 60.5% in FY23. The market remains fragmented, with no private player holding over 10.0% market share as of 9MFY24. However, digital full-stack insurance companies have gained market share from incumbents. Go Digit GWP grew by 37.5%, while the private non-life insurers (excluding standalone health insurers) grew by 20.1% YoY in FY23. Further, Go Digit caters for 82.1% of the GWP of the digital full-stack insurance players in FY23. Digital full-stack insurers accounted for 3.3% of the non-life insurance market in FY23 which increased to 4.3% in 9MFY24. In the future, the company intends to maintain a healthy product pipeline focused on continuing innovation, improve its ability to segment risk by increasing the influence of behavioural factors in its underwriting and pricing models and expand its distribution network to increase customer reach and generate new business. **Based on qualitative factors, we recommend a SUBSCRIBE rating for the issue.**

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The company has a track record of reporting losses. Its limited operating history makes it difficult to evaluate future business prospects accurately.

The company is required to meet the mandatory control level of solvency margin as prescribed under the Insurance Act. Otherwise, it could be subject to regulatory actions and forced to stop transacting any new business or change its business strategy, which can slow down the company's growth.

The company has received cautions, warnings, and show-cause notices from the IRDAI due to alleged past non-compliance with various regulatory prescriptions. IRDAI has imposed penalties in certain cases, and if they fail to take corrective actions in future, it may adversely impact business performance.



# Go Digit General Insurance Ltd.

## Income Statement (Rs. in millions)

Particulars	FY21	FY22	FY23	9MFY23	9MFY24
<b>Revenue from operations</b>					
<b>Operating Profit / (Loss)</b>					
(a) Fire Insurance	-426	-418	221	62	-49
(b) Marine Insurance	-5	1	-68	-31	6
(a) Miscellaneous Insurance	-1,424	-3,335	-815	-601	-59
<b>Total</b>	<b>-1,855</b>	<b>-3,751</b>	<b>-663</b>	<b>-570</b>	<b>-101</b>
<b>Income From Investments</b>					
(a) Interest, Dividend & Rent – Gross	558	750	992	632	978
(b) Profit on sale of investments	111	85	61	61	432
Less: Loss on sale of investments	0	-19	-1	-1	-1
<b>Other Income</b>					
(a) Interest on income tax refund	0	0	2	2	0
(b) Profit on sale / discard of fixed assets	0	0	0	0	0
(c) Others	0	0	0	0	0
<b>Total (A)</b>	<b>-1,186</b>	<b>-2,936</b>	<b>392</b>	<b>124</b>	<b>1,308</b>
<b>Provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Expenses</b>					
(a) Expenses other than those related to Insurance Business	42	20	36	24	10
(b) Bad debts written off	0	0	0	0	0
(c) Loss on sale / discard of fixed assets	0	2	0	1	0
(d) Interest on Non-convertible Debentures	0	0	0	0	8
(e) Others	0	0	0	0	0
<b>Total (B)</b>	<b>-42</b>	<b>-22</b>	<b>-36</b>	<b>-24</b>	<b>-18</b>
<b>PBT</b>	<b>-1,228</b>	<b>-2,959</b>	<b>356</b>	<b>100</b>	<b>1,290</b>
Tax	0	0	0	0	0
<b>PAT</b>	<b>-1,228</b>	<b>-2,959</b>	<b>356</b>	<b>100</b>	<b>1,290</b>

## Cash Flow Statement (Rs. in millions)

Particulars	FY21	FY22	FY23	9MFY23	9MFY24
Cash Flow from operating activities	15,634	24,790	22,498	15,678	12,630
Cash flow from investing activities	-16,366	-34,872	-25,143	-19,760	-16,225
Cash flow from financing activities	1,589	9,948	3,971	4,018	2,025
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>856</b>	<b>-134</b>	<b>1,325</b>	<b>-64</b>	<b>-1,570</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>743</b>	<b>1,465</b>	<b>2,791</b>	<b>1,401</b>	<b>1,221</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,599</b>	<b>1,465</b>	<b>2,791</b>	<b>1,401</b>	<b>1,221</b>



## Go Digit General Insurance Ltd.

## Balance Sheet (Rs. in millions)

Particulars	FY21	FY22	FY23	9MFY23	9MFY24
Share capital	8,486	8,590	8,740	8,739	8,751
Reserves & surplus	9,731	19,751	23,836	23,823	23,920
<b>Net worth</b>	<b>18,217</b>	<b>28,341</b>	<b>32,576</b>	<b>32,562</b>	<b>32,670</b>
Fair Value Change Account					
Shareholder	502	844	869	936	1,480
Policyholders	29	5	23	-9	49
Borrowings	0	0	0	0	2,000
Deferred tax liability	0	0	0	0	0
<b>Total Equities and Liabilities</b>	<b>18,748</b>	<b>29,190</b>	<b>33,468</b>	<b>33,490</b>	<b>36,200</b>
Fixed Assets	1,024	1,485	1,620	1,518	1,610
Loans	0	0	0	0	0
Investment					
Shareholder	13,788	16,014	21,715	15,498	21,177
Policyholders	40,514	76,459	1,02,175	1,01,360	1,26,690
<b>Current Assets</b>					
Advances and Other Assets	3,116	5,054	6,592	7,768	9,471
Cash and bank balance	1,599	1,465	2,793	1,404	1,223
<b>Total (A)</b>	<b>4,715</b>	<b>6,519</b>	<b>9,385</b>	<b>9,172</b>	<b>10,695</b>
Current Liabilities	32,364	57,518	79,825	75,957	95,873
Provisions	15,380	23,177	30,657	27,411	35,862
<b>Total (B)</b>	<b>47,743</b>	<b>80,696</b>	<b>1,10,481</b>	<b>1,03,368</b>	<b>1,31,735</b>
Net Current Asset (A+B)	-43,028	-74,177	-1,01,096	-94,196	-1,21,040
Miscellaneous Exp	6,450	9,409	9,053	9,308	7,763
<b>Total Assets</b>	<b>18,748</b>	<b>29,190</b>	<b>33,468</b>	<b>33,490</b>	<b>36,200</b>

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001

BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392