

**digit**

IPO NOTE

## GO DIGIT GENERAL INSURANCE LIMITED



Rating:

**Subscribe**

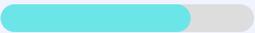
(Long Term and Listing gains)



### ISSUE OFFER

Issue Opens on	MAY 15, 2024
Issue Close on	MAY 17, 2024
Total IPO size (cr)	₹2,614.65
Fresh issue (cr)	₹1,125.00
Offer For Sale (cr)	₹1,489.65
Price Band (INR)	258 - 272
Market Lot	55
Face Value (INR)	10
Retail Allocation	10%
Listing On	NSE, BSE

### ISSUE BREAK-UP (%)

QIB Portion		75%
NII Portion		15%
Retail Portion		10%

### SHAREHOLDING (No. of Shares)

Pre Issue

875,842,046

Post Issue

917,202,340

### INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	21-05-2024
Refunds/Unblocking ASBA Fund	22-05-2024
Credit of equity shares to DP A/c	22-05-2024
Trading commences	23-05-2024

Go Digit General Insurance Limited is an insurance company that provides clients with customizable health, liability, property, marine, travel, and auto insurance policies in addition to other insurance products. Across all of its business segments, the company has currently introduced 74 active products.

### OBJECTS OF THE ISSUE

- To undertake its existing business activities.
- To undertake the activities proposed to be funded from the Net Proceeds.

### OUTLOOK & VALUATION

Go Digit is a leading digital full-stack insurer and the fastest-growing private non-life insurer by GWP in India. They offer a simplified and customized customer experience, with a strong focus on empowering their distribution partners. Their advanced technology platform and predictive underwriting model position them well for continued innovation and growth.

Go Digit's financial performance has shown recent improvement, although they are still navigating operating losses. The insurance industry faces inherent risks, including stringent regulatory requirements and the potential for catastrophic events to significantly increase claim liabilities. Additionally, Go Digit has a high dependence on its motor vehicle insurance product.

Despite the aggressive valuation relative to recent earnings and operating losses, Go Digit's strong technological capabilities and its position in a growing market suggest potential for future profitability. Considering these factors, we recommend a subscribe rating for this IPO.



## KEY MANAGERIAL PERSONNEL

01

### Jasleen Kohli

Managing Director and Chief Executive Officer of the Company. She has several years of experience in the insurance industry and has served as the head - operations of Bajaj Allianz General Insurance.

02

### Chandran Ratnaswami

Non-executive Director of the Company. He also serves on the boards of Fairbridge Capital Private Limited, Chemplast Sanmar Limited, IIFL Finance Limited, Bangalore International Airport Limited, National Commodities Management Services Limited .He has several years of experience in investment sector.

03

### Ravi Khetan

Chief Financial Officer of the Company. He worked with Bajaj Allianz General Insurance as the Head MIS and Cash Management from April 2015 to April 2017 and as the Assistant Vice President Finance from April 2009 to March 2015.

04

### Tejas Saraf

Company Secretary and Compliance Officer for the Company. He has work experience in the field of insurance and corporate laws compliance, secretarial and risk management. Previously, he has worked with Go Digit Infoworks Services Private Limited.



## COMPANY PROFILE

- It is the fastest-growing insurer among private non-life insurers by GWP from Financial Year 2022 to Financial Year 2023, growing by approximately 37.5% over the period while the private non-life insurers overall grew by approximately 20.1% during the same period.
- As of December 31, 2023, there were 43.26 million people who were its customers or people who have availed the insurance benefits under various policies it issued since the inception of its insurance operations in 2017.
- The Company's annual yield on investments in the nine months ended December 31, 2023 and Financial Year 2023 has averaged 7.4% and 6.3%, respectively. It has maintained an adequate capital position with a solvency ratio of 1.78 times as of the Financial Year, 2023.
- Its technology platform supports its product design by enabling the incorporation of a modular product architecture and provides the backbone for its application program interfaces ("API"), applications, portals, and websites that allow customers and partners to engage with it conveniently.

## COMPETITIVE STRENGTHS

- Simple and Tailored Customer Experience.
- Focus on Empowering its Distribution Partners.
- Predictive Underwriting Models.
- Advanced Technology Platform.
- A nimble organization with a skilled and experienced management team .

## KEY STRATEGIES

- Be known as a leader in customer service.
- Acquire new customers across its current products in the Indian non-life insurance market.
- Grow its product portfolio to meet Indian market needs and drive further adoption across its product suite.
- Expand into new geographies within India.

## KEY CONCERNS

- The company has a track record of reporting losses and, it may not be able to maintain profitability in the future.
- Catastrophic events could materially increase its liabilities for claims by customers, resulting in losses in its investment portfolios.
- It received cautions, warnings, and show-cause notices from the IRDAI due to alleged non-compliance with various regulatory prescriptions in the past
- It is exposed to risks, including regulatory actions, relating to its business practices.
- Reliance on motor vehicle insurance products for a substantial amount of its revenues and profitability.

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)**

Name of the Company	EPS (Basic)	NAV	P/E	GWP	RoNW (%)
<b>Go Digit General Insurance Limited</b>	<b>0.40</b>	<b>26.61</b>	<b>-</b>	<b>72,429.85</b>	<b>1.53</b>
<b>Peer Group</b>					
New India Assurance Company Limited	6.36	125.6 4	38.47	387,914.8	5.13
Star Health and Allied Insurance Company Limited	10.41	93.35	53.79	129,524.71	11.39
ICICI Lombard General Insurance Company Ltd	35.16	211.6 0	48.14	217,718.3 3	16.64

**FINANCIALS (RESTATED CONSOLIDATED)**

PARTICULARS (RS. IN MILLION)	FY 2023	FY 2022	FY 2021
<b>Equity Share Capital</b>	8,740.18	8,590.12	8,246.92
<b>Net Worth</b>	33,467.54	29,190.07	18,747.95
<b>Total Borrowings</b>	-	-	-
<b>Revenue</b>	391.87	(2,936.41)	(1,185.49)
<b>Profit/loss before Tax</b>	355.47	(2,958.51)	(1,227.64)
<b>Net Profit/loss of the Year</b>	355.47	(2,958.51)	(1,227.64)


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