

Kuber Chauhan
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Issue Details

| Issue Details | |
|---|-------------|
| Issue Size (Value in ₹ million, Upper Band) | 26,146 |
| Fresh Issue (No. of Shares in Lakhs) | 413 |
| Offer for Sale (No. of Shares in Lakhs) | 547 |
| Bid/Issue opens on | 15-May-2024 |
| Bid/Issue closes on | 17-May-2024 |
| Face Value | ₹ 10 |
| Price Band | ₹ 258-272 |
| Minimum Lot | 55 |

Objects of the Issue

- **Fresh issue: ₹11,250 million**
 - Maintenance of our solvency ratio.
 - General corporate purposes.
- **Offer for sale: ₹14,896 million**

| Book Running Lead Managers | |
|----------------------------|--|
| Axis Capital | |
| ICICI Securities | |
| Morgan Stanley India | |
| HDFC Bank | |
| IIFL Securities | |
| Nuvama Wealth | |
| Registrar to the Offer | |
| Link Intime India Pvt Ltd | |

| Capital Structure (₹ million) | Aggregate Value |
|--|-----------------|
| Authorized share capital | 10000 |
| Subscribed paid up capital (Pre-Offer) | 8758 |
| Paid up capital (Post-Offer) | 9172 |

| Share Holding Pattern % | Pre-Issue | Post Issue |
|----------------------------|-----------|------------|
| Promoters & Promoter group | 83.31% | 73.58% |
| Public | 16.69% | 26.42% |
| Total | 100.0% | 100.0% |

Financials

| Particulars (₹ million) | 9MFY24 | FY23 | FY22 | FY21 |
|----------------------------------|--------------|--------------|----------------|----------------|
| Operating Profit / (Loss) | (101) | (663) | (3,751) | (1,855) |
| Income From Investments | 1,409 | 1,052 | 815 | 669 |
| Other Income | 0 | 2 | | |
| Total (A) | 1,308 | 392 | (2,936) | (1,186) |
| Provisions (Other than taxation) | | - | - | - |
| Other Expenses | 18 | 36 | 22 | 42 |
| Total (B) | 18 | 36 | 22 | 42 |
| PBT | 1,290 | 356 | (2,958) | (1,228) |
| Exceptional items | - | | | |
| Tax | | | | |
| Consolidated PAT | 1,290 | 356 | (2,958) | (1,228) |

Company Description

The Company was incorporated as 'Oben General Insurance Ltd' at Pune, Maharashtra, on December 7, 2016. Subsequently, the name of the Company was changed to 'Go Digit General Insurance Ltd', on June 12, 2017. The company's promoters are Kamesh Goyal, Go Digit Infoworks Services Pvt. Ltd, Oben Ventures LLP and FAL. (The promoter of FAL is Fairfax Financial Holdings Limited. Fairfax Financial Holdings Limited is listed on the Toronto Stock Exchange.) Prominent cricketer Virat Kohli and actress Anushka Sharma are investors in the company.

Go Digit General Insurance (Go Digit) is one of the leading digital full stack insurance companies, leveraging technology to provide innovative approach to product design, distribution, and customer experience for non-life insurance product.

It offers motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance and other insurance products, which customers can customize as per their needs.

In 9 months ended December 31, 2023 & FY2023, Go Digit catered for ~82.5% & 82.1%, respectively, of the GWPs written by the digital full stack insurance players (including Go Digit, Acko and Navi) making the company, the largest digital full stack insurance player in India.

The company was the fastest growing Pvt. non-life insurers by GWP from FY2022 to FY2023, growing by ~ 37.5%, while the Pvt. non-life insurers (excluding standalone health insurers) overall grew by ~ 20.1% during the same period.

As of FY 2024, the company's "Digit Insurance" mobile application has a Google rating of 4.7 out of 5.0 with over 0.22+ million reviews, and a Facebook rating of 4.9 out of 5.0 with over 27,000+ reviews.

The company has launched 74 active products across all business lines. The company has achieved a market share of 6.0% and 5.4% respectively as of 9 months ended December 31, 2023, and FY2023, in the motor insurance segment which was one of the largest non-life insurance segments in India as of FY2023.

On Technology front, the company has been one of the first non-life insurers in India to be fully operated on 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 since inception to December 31, 2023.

Valuation and Outlook

Go Digit General Insurance aims to simplify insurance process through innovation and transparency. The company believes in delivering effortless customer experience journey in a significant financial product an individual would purchase. The company is one of the leading digital full-stack insurance companies, offering offer motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance, and other insurance products. They implement combination of insurance and technology solutions to assist in enrolment, insurance claims processing, underwriting, policy administration, data insights, and fraud detection.

At the upper price band company is valued at P/GWP (Gross Written Premium) of 3.44x with a market cap of ₹249,479 million post issue of equity shares.

We believe that valuation of the company is fairly priced and recommend a "Subscribe" rating to the IPO.

Company background

Go Digit General Insurance (Go Digit) is one of the leading digital full stack insurance companies, leveraging technology to provide innovative approach to product design, distribution, and customer experience for non-life insurance products. Go Digit offers motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance and other insurance products, which the customers can customize as per their needs.

Full-Stack Insurers are insurance firms that are fully licensed and controlled by a regulatory authority and perform sourcing, underwriting, and servicing all in-house. Digital full stack insurers focus on integrating technology in their operations. According to the RedSeer report, digital full stack insurers that have implemented technology, have been able to capture around 3.3% of the overall non-life insurance market during FY2023, which has increased to 4.3% estimated as of the 9 months ended December 31, 2023, measured by GWP written by public and Pvt. general insurance companies (excluding standalone health insurers and specialized PSUs).

Go Digit's GWP grew by 26.3% to ₹ 6,679.7 Cr in 9 months ended December 31, 2023 from ₹ 5,288.4 Cr in 9 Months ended December 31, 2022. The GWP grew at a CAGR of 49.4% to ₹ 7,243.0 Cr in FY2023 from ₹ 3,243.4 Cr in FY2021. As of FY 2024, Digit Insurance has a Google rating of 4.7 out of 5.0 with over 0.22+ million reviews, and a Facebook rating of 4.9 out of 5.0 with over 27,000+ reviews.

Key performance indicators

| Particulars | Units | Dec'23 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|-------------------------|-------|---------|-------------|-------------|-------------|
| # of Customers | Mn | 433 | 388 | 258 | 143 |
| # of Policies Issued | Mn | 85 | 106 | 78 | 56 |
| GWP | Mn | 66,797 | 72,430 | 52,676 | 32,434 |
| Retention Ratio | % | 843 | 816 | 794 | 812 |
| Total investment income | Mn | 7,765 | 7,218 | 4,367 | 3,083 |
| AUM | Mn | 149,090 | 126,684 | 93,939 | 55,901 |

Products

Go Digit's product portfolio is comprised of traditional and innovative solutions. The company has launched 74 active products across all business lines. The main category of insurance products is motor insurance.

GWP and percentage contribution to total GWP of the company's motor insurance offering

| Particulars | Dec'23 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|--------|-------------|-------------|-------------|
| GWP generated by motor insurance. (Rs mn) | 40,808 | 45,274 | 32,758 | 24,328 |
| Total GWP (Rs mn) | 66,797 | 72,430 | 52,676 | 32,434 |
| GWP generated by motor insurance as a % of GWP (%) | 61.1% | 62.5 | 62.2 | 13.6 |

The level of premium accounted for a market share of 5.4% and 4.5% for FY 2023 and FY2022, respectively, of the total motor insurance premiums written by all non-life insurers in India, on a GWP basis, and the company's market share grew further to 6.0% for the 9 months ended December 31, 2023. The private motor insurance market registered a growth rate of 18.7% in GWP from FY2022 to FY 2023.

Health insurance (including personal accident and travel insurance) is also one of the company's core product offerings, which accounted for 18.8% and 13.4% of its GWP in the 9 months ended December 31, 2023, and FY2023, respectively. The company achieved a market share of 0.8% in FY2022 and the market share grew to 1.0% in FY2023. The company also offers insurance across a number of other product lines such as property, liability, engineering, travel and other miscellaneous products.

The current insurance lines in which the company writes and assume business include:

Motor Insurance: Includes personal insurance for cars and motorcycles, as well as commercial insurance for rickshaws, taxis and trucks.

Health Insurance: Includes group and retail accident and medical insurance, such as corporate group health and individual health insurance, with a variety of standard coverage plans, as well as optional coverage.

Property and Engineering Insurance: Includes insurance covering homeowners or personal property, commercial insurance covering shops, factories or offices, engineering insurance and fire insurance, typically intended for individuals, entrepreneurs, micro- to small-to-medium-sized enterprises.

Travel Insurance: Includes international travel and domestic flight amendment, no-show, cancellation and delay insurance, including travel to or from the United States.

Personal Accident Insurance: Includes individual and group personal accident insurance.

Liability Insurance: Includes legal liability insurance, workmen's compensation, public liability, product liability, management liability and professional liability.

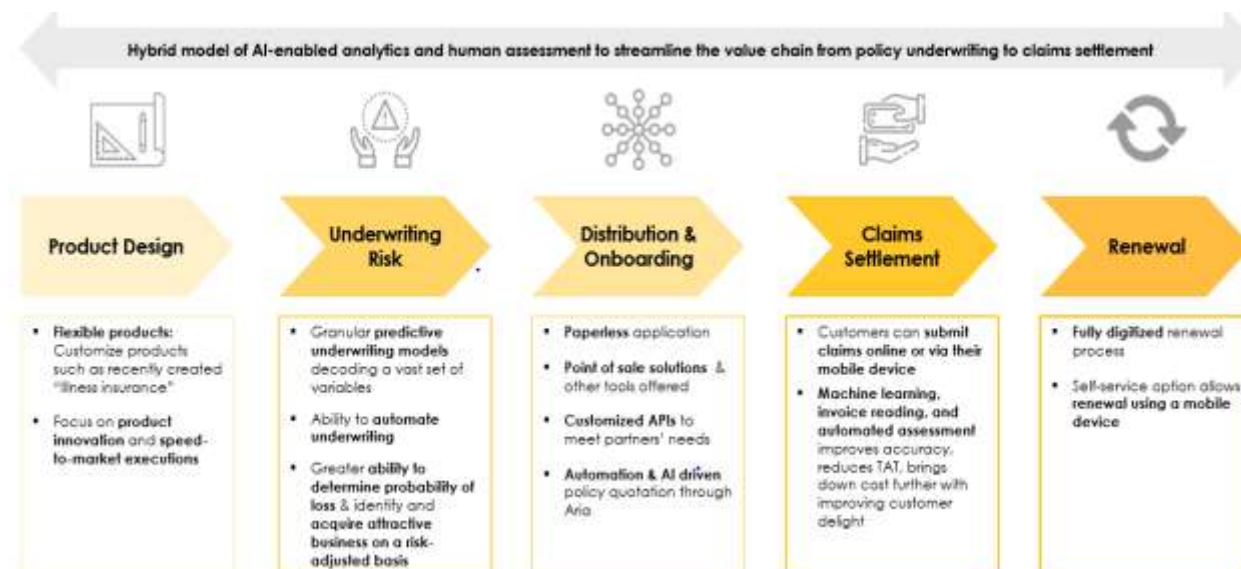
Other Insurance: Includes marine insurance, engineering insurance, insurance for assets, crop insurance, pet insurance, clinical trial insurance, commercial crime insurance and commercial cyber insurance.

Go Digit's business model is designed to minimize dependency on any single line of business.

| Particulars | Dec'23 (%) | Fiscal 2023 (%) | Fiscal 2022 (%) | Fiscal 2021 (%) |
|---|------------|-----------------|-----------------|-----------------|
| Motor | 61.1 | 62.5 | 62.2 | 75 |
| Liability | 1.7 | 9.2 | 12.7 | 2.3 |
| Property and Engineering | 11.4 | 10.4 | 11.0 | 13.6 |
| Health (excl. travel & personal accident) | 14.9 | 10.5 | 8.0 | 5.6 |
| Personal Accident | 3.6 | 2.4 | 4.6 | 0.9 |
| Travel | 0.3 | 0.5 | 0.3 | 0.1 |
| Other | 7.0 | 4.5 | 1.2 | 2.5 |
| Total | 100 | 100 | 100 | 100 |

The company has launched 74 active products across all business lines. The company has achieved a market share of 6.0% and 5.4% respectively as of 9 months ended December 31, 2023, and FY2023, in the motor insurance segment which was one of the largest non-life insurance segments in India as of FY2023. Additionally, as per the RedSeer report, the company was one of the first insurers in India to offer customizable insurance for flights delayed by at least 60 minutes, with customization of coverage scope and coverage period, and one of the first to offer group illness insurance covering COVID-19 hospitalization costs.

Go Digit has a broad distribution footprint across 24 of the 36 states and union territories in India. As of December 31, 2023, the company had relationships with ~ 61,972 Key Distribution Partners, including ~58,532 POSPs, as well as individual agents, corporate agents, brokers, and others. On Technology front, the company has been one of the first non-life insurers in India to be fully operated on cloud and have developed application programming interface (API) integrations with several channel partners. 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 since inception to December 31, 2023. The company has developed predictive underwriting models, which assists them in determining and targeting the markets and customers in India that are expected to be more profitable and hence, allows them to accurately price their coverage. The company integrates APIs in its business across products for policy issuance, policy servicing, payments and claims.



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 collects and deploys data to help them understand their customers and to mitigate claims risks. Key aspects of its business model include:

Focus on accuracy of assessment and pricing of risk: The company uses rule engines and granular level risk segmentation by using more variables and a higher level of granularity. They believe that this differentiates them from other underwriting models. The company uses claims ratio as a measure of its underwriting performance.

Efficient, scalable operating platform: The company's approach to distribution is aligned with premium generation, while focus on technology along with streamlined processes contributes to a scalable and lean business model. The company supports partners using technology which helps to onboard and work with them in a cost-efficient manner, reducing the need for substantial operations to support the distribution partners. These factors reduce the amount of fixed costs required to generate new business and have allowed the company to scale rapidly. This structure enabled the company to achieve an expense & commission ratio of 39.1% and 40.2%, 38.7% and 35.4% for FY2023.

Strong, stable portfolio returns generated by a conservative investment approach: The company seeks to invest cash flows generated by its insurance operations in securities issued in the Indian market that generated an average yield of 7.4% and 6.3% (on an annualized basis) in the 9

months ended December 31, 2023, and FY 2023, respectively. As of December 31, 2023, over 97.3% of its assets were invested in Indian government securities or corporate bonds, and 71.8% of the corporate bond exposure was invested in AAA rated bonds.

Strengths

➤ **Focus on empowering the distribution partners**

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:

- **Access:** The company has created 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.
- **Point of sale solutions:** The company works with its partners to provide them with digital insurance solutions that their customers can access at the point of sale.
- **Customized integration:** The modular APIs are designed to meet 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.
- **Tools to build insight:** The company's partners can access information and a broad suite of tools that allow them to better understand, target, acquire and service business.
- **Self-service:** 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.

➤ **Predictive Underwriting Models**

Go digit has combined its expertise in the motor insurance market with its data bank to build extensive underwriting models. The key attributes of its underwriting models include (i) Vast set of variables decoded, (ii) Ability to automate underwriting and (iii) Greater ability to identify and acquire profitable business. The company has developed the ability to price the risk associated with the coverage of certain products at an individualized level, leading to many pricing possibilities. This ability to better price products provides the company with an advantage in acquiring and retaining target customers, while avoiding underwriting less profitable business. The company believe this has helped it overcome the challenges historically associated with underwriting motor insurance in India, allowing them to capitalize on the sizable opportunity in the market.

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➤ **Simple and Tailored Customer Experience**

The company's focus on the customer experience has resulted in high customer satisfaction, evidenced by their net promoter scores of 73.3% for non-claims and 93.1% for motor claims as of December 31, 2023, and high customer satisfaction by users of the "Digit Insurance" mobile application available on android and iOS. The company promotes simple and tailored customer experience by providing (i) Relevant, transparent and customizable coverage, (ii) Simple, understandable documentation and (iii) Straightforward, efficient, paperless processes through the use of automation and artificial intelligence.

➤ **Ability to automate underwriting**

Go Digit's technology enables it to achieve 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, aid its customers, partners and employees and drives efficiency. Their technology platform enables them to:

- **Simplify, empower, and customize:** The technology platform empowers the customers and partners and allow customers to customize insurance features, such as pricing and coverage.
- **Utilize AI and machine learning technology to enhance efficiency:** 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. The system can also scale up or scale down automatically, depending on demand.
- **Leverages data bank to enable algorithm-driven strategic decisions:** 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.

• **Efficient TAT from onboarding to quick claims settlement:** The company has developed self-service options with 24x7 live chat bot assistance for the customers and partners on popular messaging tools such as WhatsApp, as well as on the company's website.

Key Strategies

➤ **Acquire new customers across the current products in the Indian non-life insurance market**

The company increased the market share among the overall general insurers from 2.3% in FY 2022 to 2.7% in FY 2023, in terms of total GWP. The company's market share among the overall general insurers is estimated to be 3.0% in the 9 months ended December 31, 2023. The company expects that most of its business will continue to be distributed through retail agents, POSPs, MISPs, corporate agents and broker network, and sees opportunities of further growth in premium base by adding more partnerships—particularly with banks and increasing the amount of business written through the company's direct-to consumer channel. Part of the company's customer-led strategy is focused on developing lifetime partnerships with tech-savvy and young-at heart customers.

The company believes that younger customers with significant lifetime value are drawn to its innovative products and tech-savvy distribution force. This includes customer touch points that provide a simple, online purchase and servicing journey that will make the customers want to stay with the company.

➤ **Expand into new geographies within India**

The company has distribution footprint across 24 of the 36 total states and union territories in India as of December 31, 2023. Over the past few years, the company has been focused on writing business and amassing data in larger states or areas containing prospective customers with more preferable risk profiles. The company plans to expand its distribution network to increase customer reach and generate new business.

➤ **Drive more accurate pricing in the insurance industry**

The company plans to improve its ability to segment risk by increasing the influence of behavioral factors in its underwriting and pricing models. For example, the company analyzes how a customer's purchase of an insurance product, such as flight cancellation insurance, may influence claims outcomes (such as them missing a flight). Over time the company hopes to replace all correlation-related inputs in its pricing model, such as credit scores, with a fully behavioral pricing model.

➤ **Grow the product portfolio to meet Indian market needs and drive further adoption across product suite**

The company has an established multi-product platform and launched 74 active products across all business lines. In 2017, the company offered travel insurance, including flight delay and cancellation protection, as well as coverage for baggage losses. Approved by IRDAI in March 2018, the company developed an unbundled mobile insurance offering that allows customers to purchase coverage for specific issues with their mobile device. Going forward, the company intends to maintain a healthy product pipeline focused on continuing innovation. In Financial Year 2024, they launched offerings such as OPD Health, Life Science Liability, Supreme Care Policy & Health Top Up products, among others.

Industry Snapshot

Digitalization of Indian non-life insurance

Technology has helped bring several innovations in the traditional insurance value chain via artificial intelligence / machine learning ("AI/ML") predictive underwriting, automated marketing, dynamic pricing, data analytics and automation for servicing & claims management.

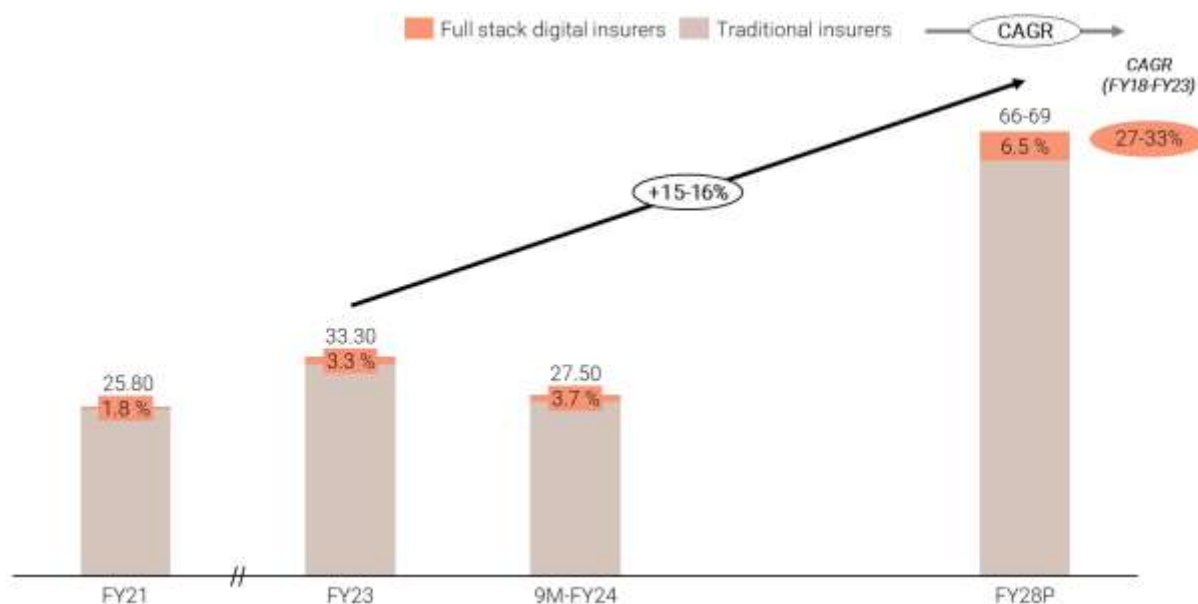
A typical non-life insurance value chain is as shown below.



In the product development process, traditional market research and customer needs analysis are replaced by automated demand analysis and deriving insights using Big Data to understand the requirements of customers and drive new product development, ensuring faster launch for an insurance product.

The traditional manual underwriting processes are being disrupted by AI/ML-based risk modelling and predictive underwriting. The use of IoT and telematics is making risk analysis more efficient with the use of large data packets that can tailor personalized insurance products at flexible pricing to customers. Using AI systems that assess an application profile against large number of data points accrued from multiple sources, underwriters can gain visibility into the most relevant risk factors. Using predictive ML solutions, non-life insurers are able to roll out fairly-priced quotes quickly and achieve higher profitability through their pricing strategy. AI-assisted underwriting leverages robotic process automation, building intelligence into the system for light tasks while keeping human attention dedicated to the most complex tasks and for final decision-making. Thus, AI/ ML based underwriting helps improve underwriting efficiency compared to manual traditional underwriting. The traditional servicing and policy administration relied on physical form submissions, manual data entries, complex processes, and less transparency. With the help of technology, many of these processes are getting digitized and automated.

Digital penetration in Non-life insurance



Increasing technological integration and digitizing of insurance mirrors evolving consumer preference

With increasing digitization, access to internet and smartphones as well as shift in demographics including higher proportion of financially active younger population, consumers are increasingly seen exercising informed decisionmaking skills while purchasing insurance products. Go digit's brand mission has been to make insurance simple. This mission responds to the increasing trend referred to above, that consumers are more conscious of their decisions (i.e., "people wanting to be more mindful of what they do"). This trend has been observed in the rise of research about products and services for customers before making final purchase decisions. This applies to both routine items, such as hair clips and to more substantial purchases, such as cars and homes. Consumers look to reviews now more than ever, powered by the virtual social spaces where they can connect with many people. Therefore, this further increases the importance of ensuring that our partners and customers feel that we are simplifying insurance for them

Approximately 6.2% of motor insurance premiums were distributed digitally in Financial Year 2023 as compared to 5.3% in Financial Year 2022. Similarly, 1.8% of overall health insurance premiums were distributed digitally in Financial Year 2023 when compared to 1.4% in Financial Year 2022. The digital full stack insurers that have implemented technology beginning from underwriting, claims management to distribution have been able to capture 3.3% of the overall non-life insurance market in Financial Year 2023 as compared to 1.8% in Financial Year 2021, signifying a 2x growth. Digital stack insurers have been increasing their market share rapidly as they have already managed to cover 3.7% of the overall non-life insurance market estimated as of nine months ended December 31, 2023 measured by GWP (including Private, Public and Standalone Health Insurers and Specialized PSUs). Further, GWP of digital full stack insurance players represented an estimated, 3.9% and 4.3% of all GWP written by Public and Private general insurance companies (excluding standalone health insurers and specialized PSUs) in nine months ended December 31, 2022 and the nine months ended December 31, 2023.

Many digital first players had been operating with marketplace models that focus on the front-end or consumer facing side of the value chain. While the front-end user experience has improved, there exists multiple pain-points at the back end that still follow the traditional insurance model. Some notable pain-points relate to lack of customization, affordability, and long turnaround times. However, with the advent of digital full stack insurance players, use of AI/ML and data analytics for quicker underwriting, automated processes in claim settlements and customer servicing, the backend pain-points are also being addressed. Through these developments, digital full stack insurers have a competitive advantage by enhancing overall insurance experience for consumers. The cultural momentum of "people wanting to be more mindful of what they do," is seen with rise of research about products and services for customers before making final purchase decisions.

Digital enablement of channel partners is at the core of bringing speed, efficiency, and transparency to insurance

With the advent of technology, traditional broker or agent-based sales and distribution channels have been supported by self-service insurance apps, automated platforms, messaging tools and real-time bots. This has helped digital-first insurance players automate and run targeted marketing campaigns and automated policy recommendations using ecosystem partnerships. The use of technology has allowed digital full stack insurance players to maintain smaller sales team and rely more on integrated customer relationship management software tools.

With the use of technology, digital full stack insurance players are using internet aggregation, digital payments, robotic process automation and chatbots to ensure faster data processing, quicker resolution of customer requests and provide digital trackability of application status. The claims management process, traditionally, has relied on third-party administrators, claim handlers and long-drawn processes involving claim inspection and settlement. Digital Full Stack insurance players can bypass third-party claim handlers through a digital D2C interface, use automation and big data analytical tools to assist in fraud detection and damage evaluation, and therefore, enable a better customer experience when it comes to claiming settlement and disbursement.

Go Digit is one of the first non-life insurers in India to be fully operated on cloud and have developed application programming interface (API) integrations with several channel partners. Being on cloud allows them to run complex AI models and scale faster due to pay per use model and storage related functionalities options and faster disaster recovery.

Digital-first insurers are gaining market share from incumbents and may have superior operating metrics as compared to the industry

The mechanism of purchasing insurance has been completely transformed from the traditional strategy of one size fits all' insurance policies to the introduction of customized and personalized insurance policies, based on a precise risk assessment of the consumer, with the help of Internet of

Things (“IoT”) connected devices, AI, big data analytics and ML. Players with superior risk-underwriting capabilities, sustainable customer acquisition costs and fundamentally focused on customer experience enhancement are expected to grow faster and gain market share. Digital full stack insurance companies have been progressively gaining market share from incumbents.

This statement is supported by the fact that, Go Digit GWP grew by approximately 37.5% while the private non-life insurers (excluding standalone health insurers) overall grew by 20.1% from Financial Year 2022 to Financial Year 2023. Further, Go Digit caters for approximately 82.1% of the GWP of the digital full stack insurance players in Financial Year 2023 (US\$ 0.9 billion in terms of GWP) and 82.5% as of nine months ended December 31, 2023 (US\$ 0.8 billion in terms of GWP), which, in addition to Go digit, includes Acko and Navi, making it the largest digital full stack insurance player in India.

Comparison with Listed Peers

| Name of the company | Latest FY | Face value | P/GWP | EPS (Basic) (₹) | EPS (Diluted) (₹) | RONW (%) | NAV per equity share (₹) |
|---|------------|------------|-------|-----------------|-------------------|----------|--------------------------|
| Go Digit General Insurance Ltd | Standalone | 10 | 3.44* | 0.4 | 0.4 | 1.53 | 26.6 |
| Listed peers | | | | | | | |
| New India Assurance Company Ltd | Standalone | 5 | 1.04 | 6.4 | 6.4 | 5.1 | 125.6 |
| Star Health & Allied Insurance Company Ltd | Standalone | 10 | 2.51 | 10.7 | 10.4 | 11.4 | 93.4 |
| ICICI Lombard General Insurance Company Ltd | Standalone | 10 | 3.82 | 35.2 | 35.2 | 16.6 | 211.6 |

Note: 1) P/GWP Ratio has been computed based on the closing market price of equity shares on NSE on Mar 13, 2024.

2) * P/GWP of company is calculated on EPS of FY23 and post issue no. of equity shares issued.

Key Risk

- The company has a track record of reporting losses and, its may not be able to maintain profitability in the future. Its limited operating history makes it difficult to accurately evaluate its future business prospects.
- Go digit loss reserves are based on estimates as to future claims liabilities and if they prove inadequate, it could lead to further increases in reserves and materially adversely affect its results of operations.
- The company has received cautions, warnings and show-cause notices from the IRDAI due to alleged non-compliance with various regulatory prescriptions in the past, and IRDAI has imposed penalties in certain cases, and the company may be subject to such regulatory action in the future.
- The company relies on motor vehicle insurance products for a substantial amount of its revenues and profitability. Any constraint on sale of these products due to future changes in regulation or customer preference, or any inability to maintain a profitable portfolio mix of products, could have a material adverse effect on its business, financial condition, results of operations and prospects.
- The company is required to meet the mandatory control level of solvency margin as prescribed under the Insurance Act and the company could be subject to regulatory actions and could be forced to stop transacting any new business or change its business strategy which can slow down the company’s growth.

Valuation and Outlook

Go Digit General Insurance aims to simplify insurance processes through innovation and transparency. The company believes in delivering effortless customer experience journey in a significant financial product an individual would purchase. The company is one of the leading digital full-stack insurance companies, offering offer motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance, and other insurance products. They implement combination of insurance and technology solutions to assist in enrolment, insurance claims processing, underwriting, policy administration, data insights, and fraud detection

At the upper price band company is valued at P/GWP (Gross Written Premium) of 3.44x with a market cap of ₹249,479 million post issue of equity shares.

We believe that valuation of the company is fairly priced and recommend a “**Subscribe**” rating to the IPO.

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Anand Rathi Ratings Definitions

- Analysts' ratings and the corresponding expected returns take into account their definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

| Ratings Guide (12 months) | Buy | Hold | Sell |
|--|------|--------|----------|
| Large Caps (Top 100 companies) | >15% | 0%-15% | Below 0% |
| Mid Caps (101st-250th company) | >20% | 0%-20% | Below 0% |
| Small caps (251 st company onwards) | >25% | 0%-25% | Below 0% |

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