

# digit



Issue Opens - May 15, 2024 to May 17, 2024

**Price Band**  
₹258 to ₹272

**Face Value**  
₹10

**Lot Size**  
55 Shares

**Issue Size**  
₹2,614.65 Cr

**Issue Type**  
Book Built

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# Important Events



Issue Size

96,126,686 shares/ ₹2,614.65 Cr

Fresh Issue

41,360,294 shares / ₹1,125.00 Cr

Offer for Sale

54,766,392 shares of ₹10 / ₹1,489.65 Cr

Basis of Allotment

Tuesday, May 21, 2024

Initiation of Refunds

Wednesday, May 22, 2024

Credit of Shares to Demat

Wednesday, May 22, 2024

Go Digit Listing Day

Thursday, May 23, 2024

## Promoters

- Kamesh Goyal (: Non-Executive Chairman)
- Jasleen Kohli ( Managing Director and Chief Executive Officer)
- Chandran Ratnaswami (Non-Executive Director)
- Vandana Gupta (Independent Director)

Promoters collectively hold 83.31% (Pre Issue) of the Equity Share.

# Brief profiles of the Directors

- **Kamesh Goyal** serves as the Non-Executive Chairman and Director of our Company since its inception. He holds a bachelor's degree in Science, a bachelor's degree in law, and a master's degree in business administration from the University of Delhi. With extensive experience in the insurance industry, he has previously held the position of Chief Executive Officer at Bajaj Allianz General Insurance and Bajaj Allianz Life Insurance Company Limited. He is also an Associate of the Insurance Institute of India.
- **Jasleen Kohli** is the Managing Director and Chief Executive Officer of our Company. She holds a postgraduate degree in management studies from K J Somaiya Institute of Management Studies and Research. With years of experience in the insurance sector, she previously served as the Head of Operations at Bajaj Allianz General Insurance.
- **Chandran Ratnaswami** is a Non-Executive Director and nominee of FAL Corporation. He holds a bachelor's degree in Technology (civil engineering) from the Indian Institute of Technology, Madras, and a master's degree in business administration from the University of Toronto, Canada. He currently serves as the Chief Executive Officer and Director of Fairfax India Holdings Corporation and as a Senior Managing Director of Hamblin Watsa Investment Counsel Limited. He has extensive experience in the investment sector and serves on the boards of various companies.
- **Rajendra Beri** serves as an Independent Director of our Company. He holds a bachelor's degree in Arts (History Honours) from the University of Delhi and a Master's degree in Business Administration from the Birla Institute of Technology & Science, Pilani. With years of experience in the general insurance sector, he currently serves as a director at TransAfrica Assurance Co. Ltd. He has previously served as the insurance ombudsman for Delhi and Rajasthan and as the chairman-cum-managing director of the New India Assurance Company Limited.
- **Vandana Gupta** is an Independent Director of our Company. She holds a bachelor's degree in Medical Sciences and Surgery from Kanpur University and a Doctor of Medicine degree from Bundelkhand University. With several years of experience in the medical field, she has worked as a senior pathologist in a private hospital since 2003.

# About The Company.



Go Digit General Insurance is a leading digital full-stack insurance company in India. They offer a variety of non-life insurance products including motor, health, and travel. Founded in 2017, they've grown rapidly to become the largest digital player in the country. They leverage technology for everything from underwriting to claims, aiming to provide a seamless customer experience. With a focus on innovation and transparency, Go Digit strives to make insurance simple and accessible. pen\_spark tune share more\_vert

## Description of Their Business

They focus on simplifying insurance for their customers, making it easier to understand and customize products to fit their needs and budgets. They use front-end technology that customers are familiar with to facilitate filing and checking the status of claims. On the back end, they utilize in-house software to accelerate underwriting and claims processing times.

Their goal is to simplify insurance by delivering a seamless customer experience journey. Through innovation and transparency, they aim to provide a straightforward approach to purchasing significant financial products. As one of the leading digital full-stack insurance companies, they leverage technology to enhance product design, distribution, and customer experience for non-life insurance products.

As full-stack insurers, they are fully licensed and regulated, handling sourcing, underwriting, and servicing in-house. Digital full-stack insurers focus on integrating technology into their operations. They offer a range of insurance products, including motor, health, travel, property, marine, and liability insurance, allowing customers to customize coverage according to their needs.

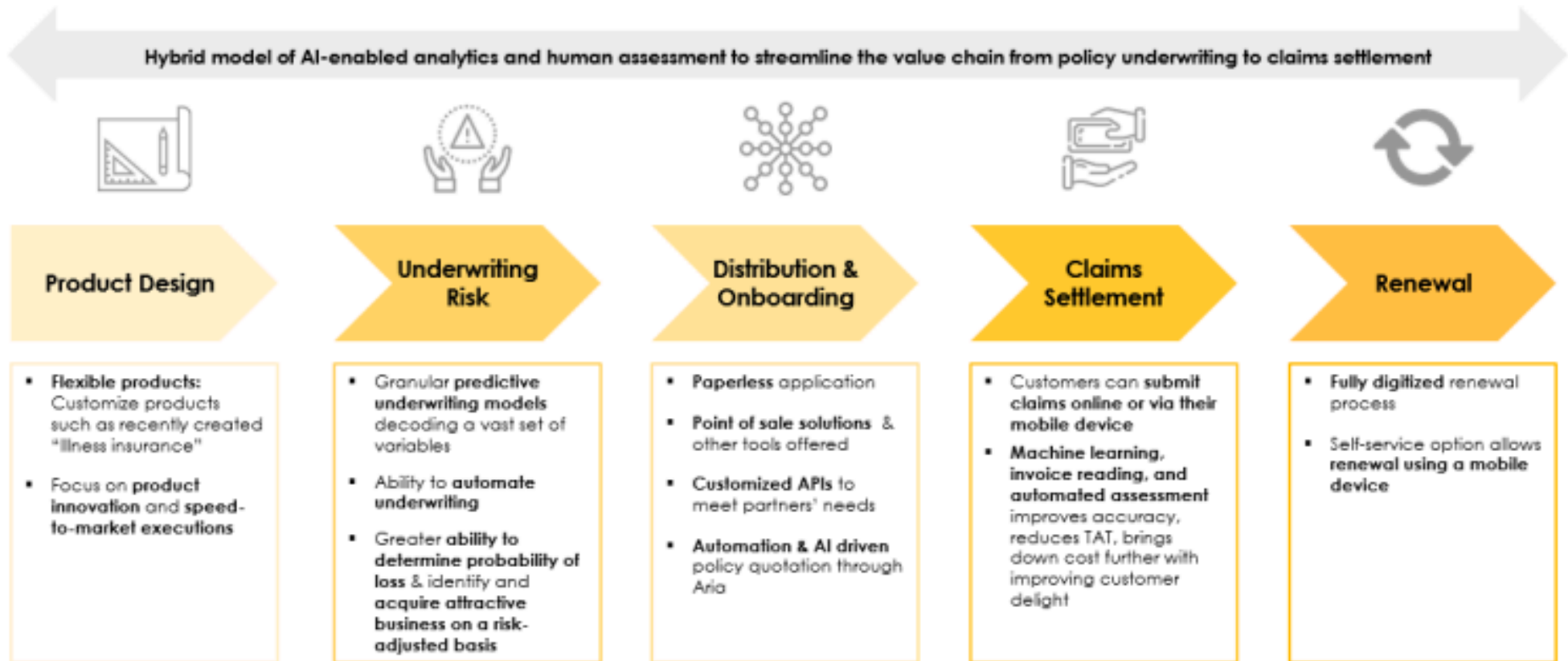
**Below set forth their key performance indicators for the periods indicated:**

Particulars	Units	As at the end and/or for the				
		Nine months period ended December 31, 2022	Nine months period ended December 31, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
# of Customers <sup>(1)</sup>	millions	35.33	22.23	25.77	14.27	6.97
# of Policies Issued	millions	7.71	5.37	7.76	5.56	4.53
GWP	₹ millions	52,883.94	36,485.23	52,676.33	32,433.88	22,523.47
Retention Ratio	%	79.1	78.7	79.4	81.2	69.3
Total investment income	₹ millions	5,165.09	3,099.69	4,367.36	3,083.00	1,778.56
AUM	₹ millions	118,262.46	79,000.45	93,938.75	55,901.11	35,498.17
GDPI	₹ millions	45,345.07	31,701.76	46,739.41	24,176.20	17,678.55
Net Earned Premium	₹ millions	37,673.19	23,923.49	34,042.26	19,436.88	12,413.47
Net Written Premium	₹ millions	41,839.93	28,718.60	41,800.98	26,323.05	15,606.26
Available Solvency Margin	₹ millions	22,692.83	13,444.66	18,676.23	11,500.41	11,028.48
Required Solvency Margin	₹ millions	11,974.59	8,202.48	9,282.63	5,728.88	3,405.81
Yield on total investments <sup>(2)</sup>	%	6.2	6.4	6.2	6.9	7.2
Loss ratio / Claims ratio	%	70.2	76.4	74.0	74.0	75.0
Expense Ratio	%	36.6	33.4	34.8	32.8	43.7
Expense & commission ratio / Net Expense Ratio	%	38.9	37.3	38.7	35.4	42.4
Combined ratio	%	109.1	113.7	112.7	109.4	117.4
Solvency ratio	times	1.90	1.64	2.01	2.01	3.24
Commission Ratio	%	2.3	3.9	3.8	2.6	(1.3)
IBNR (Gross)	₹ millions	44,150.23	28,904.16	32,297.83	18,966.08	9,626.77
IBNR (Net)	₹ millions	39,547.78	26,588.75	29,310.30	17,121.33	7,530.33





They also have modular APIs that allow them to share data between their systems and their partners' third-party website and/or portal in a specified manner, allowing them to reduce human intervention. They integrate APIs in the business across products for policy issuance, policy servicing, payments and claims.



## Objects of The Offer

The Company proposes to utilise the Net Proceeds towards the following objects

1. To undertake its existing business activities; and
2. To undertake the activities proposed to be funded from the Net Proceeds. Further, the Company expects to receive the benefits of listing the Equity Shares on the Stock Exchanges, which, the company believes, will enhance the visibility and its brand image among its existing and potential customers.

# Track Record Of Financial Performance

## Statement of Profit and Loss

(All amounts are in millions of Indian Rupee; except per share data)

Particulars	Nine months period ended December 31, 2022	Nine months period ended December 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating Profit / (Loss)					
(a) Fire Insurance	62.18	(455.69)	(417.48)	(425.72)	(330.29)
(b) Marine Insurance	(31.06)	0.93	0.96	(5.04)	(4.84)
(c) Miscellaneous Insurance	(601.21)	(2,095.27)	(3,334.91)	(1,424.16)	(1,934.31)
<b>Total</b>	<b>(570.09)</b>	<b>(2,550.03)</b>	<b>(3,751.43)</b>	<b>(1,854.92)</b>	<b>(2,269.44)</b>
Income From Investments					
(a) Interest, Dividend & Rent – Gross	632.38	535.82	749.75	558.17	522.56
(b) Profit on sale of investments	60.50	76.80	84.68	111.26	22.45
Less: Loss on sale of investments	(0.90)	(2.01)	(19.41)	-	(1.40)
Other Income					
(a) Interest on income tax refund	2.30	-	-	-	0.03
(a) Profit on sale / discard of fixed assets	-	0.36	-	-	-
<b>Total (A)</b>	<b>124.19</b>	<b>(1,939.06)</b>	<b>(2,936.41)</b>	<b>(1,185.49)</b>	<b>(1,725.80)</b>
Provisions (Other than taxation)					
(a) For diminution in the value of investments	-	-	-	-	-
(b) For doubtful debts	-	-	-	-	-
Other Expenses					
(a) Expenses other than those related to Insurance Business	23.51	22.93	19.99	42.15	26.63
(b) Bad debts written off	-	-	-	-	-
(c) Loss on sale / discard of fixed assets	0.47	-	2.11	-	-
(d) Others	-	-	-	-	-
<b>Total (B)</b>	<b>23.98</b>	<b>22.93</b>	<b>22.10</b>	<b>42.15</b>	<b>26.63</b>
<b>Profit/(Loss) Before Tax</b>	<b>100.21</b>	<b>(1,961.99)</b>	<b>(2,958.51)</b>	<b>(1,227.64)</b>	<b>(1,752.43)</b>
Provision for Taxation					
Current tax	-	-	-	-	-
Deferred Tax	-	-	-	-	-
<b>Profit/(Loss) After Tax</b>	<b>100.21</b>	<b>(1,961.99)</b>	<b>(2,958.51)</b>	<b>(1,227.64)</b>	<b>(1,752.43)</b>

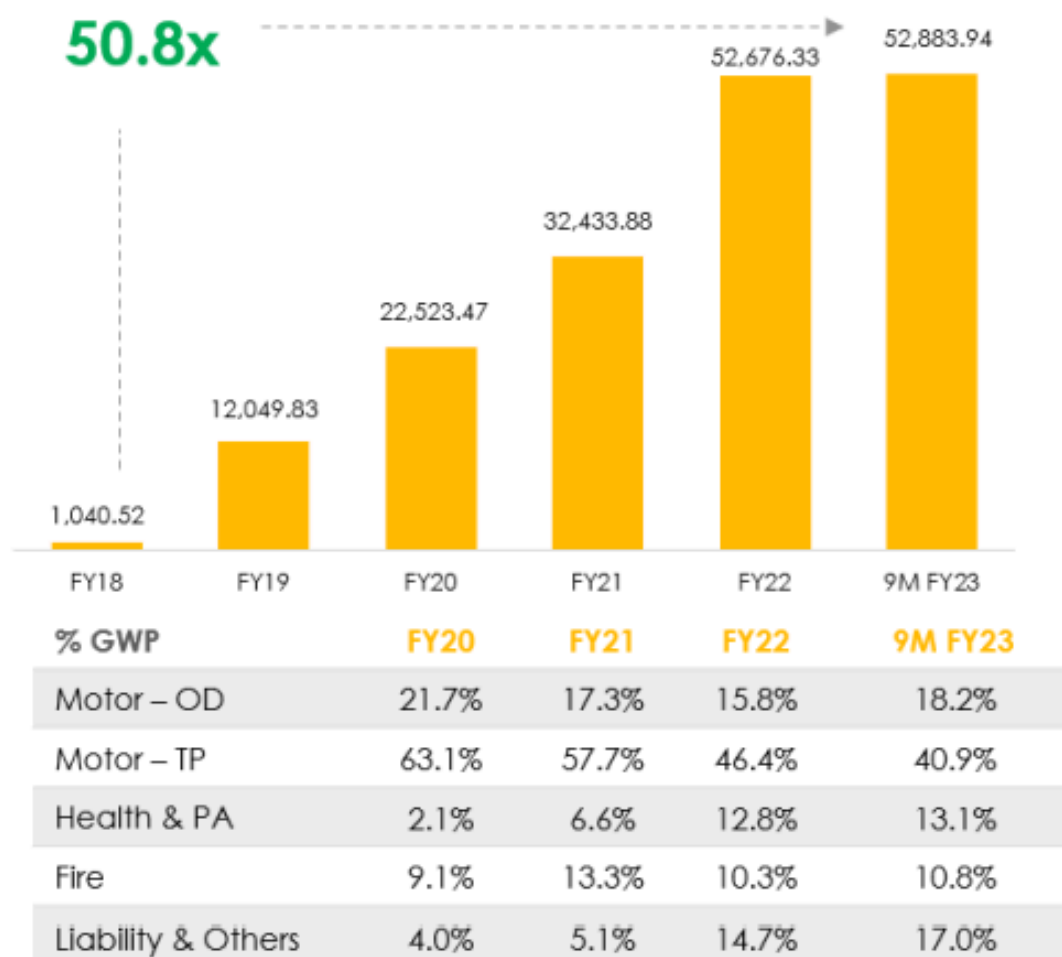
In Fiscal 2022, 2021 and 2020, and the 9 months period ended December 31, 2022 and December 31, 2021, their motor, liability, property and engineering, health (excluding travel and personal accident), other (including mobile), personal accident and travel insurance products contributed to their GWP as follows

	Nine months period ended December 31, 2022		Nine months period ended December 31, 2021		Fiscal 2022		Fiscal 2021		Fiscal 2020	
	Contribution to GWP (%)	₹ millions	Contribution to GWP (%)	₹ millions	Contribution to GWP (%)	₹ millions	Contribution to GWP (%)	₹ millions	Contribution to GWP (%)	₹ millions
Motor	59.1	31,244.93	60.9	22,212.58	62.2	32,757.59	75.0	24,328.34	84.7	19,079.77
Liability	12.0	6,335.88	10.1	3,666.88	12.7	6,715.94	2.3	749.03	0.9	199.34
Property and Engineering	11.8	6,250.14	13.0	4,743.86	11.0	5,781.18	13.6	4,412.77	9.4	2,122.23
Health (excluding travel and personal accident)	10.5	5,550.64	9.4	3,436.97	8.0	4,194.80	5.6	1,827.49	0.8	175.21
Personal Accident	2.1	1,087.07	5.4	1,987.16	4.6	2,432.80	0.9	280.76	0.5	120.56
Travel	0.5	292.59	0.2	76.94	0.3	131.80	0.1	32.13	0.8	179.42
Other	4.0	2,122.69	1.0	360.84	1.2	662.22	2.5	803.36	2.9	646.94

They expect this will allow them 225 to offer other relevant products and grow with customers as they enter new life stages and their insurance coverage needs expand.

Digit has consistently delivered on high growth

Gross Written Premium | ₹ millions







# Strengths

1. High-quality Customer Experience: They promote a high-quality customer experience by providing: Relevant, transparent and customizable coverage. Simple, understandable documentation. Straightforward, efficient, paperless processes.
2. Their Focus on Empowering their Distribution Partners. They empower Their partners by providing: Access. Point of sale solutions, Customized integration. Tools to build insight. Self-service.
3. Predictive Underwriting Models. Key attributes of Their underwriting models include: Vast set of variables decoded, Ability to automate underwriting, Greater ability to identify and acquire profitable business.
4. Advanced Technology Platform. Their technology platform: Enables them to simplify, empower and customize. Utilizes AI and machine learning technology to enhance efficiency. Leverages data bank to enable algorithm-driven strategic decisions, Efficient TAT from onboarding to quick claims settlement.
5. A nimble organization with a skilled and experienced management team.

# Threats

1. Go Digit General Insurance is encountering profitability challenges due to historical losses, uncertain future prospects, and potential difficulties in assessing business performance.
2. The company's operating results show volatility, with fluctuating profit/loss figures and low operating profit ratios, indicating operational instability and potential financial strain.
3. Inadequate estimation of loss reserves poses a significant risk, potentially leading to increased liabilities, pricing adjustments, and adverse effects on financial condition.
4. Exposure to catastrophic events, including natural disasters and terrorism, may result in substantial claims, investment losses, and operational disruptions, negatively impacting financial stability.

# Valuation and Outlook

The price of the shares is expected to be between ₹258 to ₹272 per share. Looking at the valuation, Go Digit Ltd has a P/E ratio of 663.41x, calculated using a price above ₹272 and an FY23 EPS of ₹0.41, whereas the industry average P/E is 46.13x.

The insurance industry has changed significantly since COVID-19, and more people now realize the importance of having insurance. This has benefited companies with new and innovative products.

While GoDigit has shown improved performance since FY23 and seems to have a bright future ahead, the price of its shares appears too high when considering the earnings from FY24. Understanding how insurance companies manage their finances can be challenging for regular investors, so it's important to monitor the company's performance and future plans. Although GoDigit made a profit in FY23 after previous losses, it's not fair to compare its current performance to its past performance. The price of their shares compared to their earnings is quite high right now, but this is common for insurance companies, especially those selling insurance online, when they are just starting out.

For the first 9 months of FY24, GoDigit's earnings per share were ₹1.46, suggesting earnings per share for the whole year will be ₹1.95. Even then, the price of their shares compared to their earnings is still too high, at 144-145 times.

Based on these factors, we suggest **avoiding** the issue.

(Investors can consider to buy after listing.)

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