

IPO NOTE

Issue Details

Price Band: ₹ 258 to ₹ 272

Issue Opens on: May 15, 2024

Issue Closes on: May 17, 2024

Lot Size: 55 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 2,614.65 Cr.

No of Shares: 96,126,686

Face Value: ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	1,125.00
Offer for Sale	1,489.65
Total	2,614.65

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	1,960.99
HNI	15	392.20
Retail	10	261.47
Total	100	2,614.65

Listing

BSE & NSE

Lead Managers

- Axis Capital Limited
- HDFC Bank Limited
- ICICI Securities Limited
- IIFL Securities Limited
- Morgan Stanley India Co. Pvt. Ltd.
- Nuvama Wealth Management Ltd.

Registrar

Link Intime India Private Limited

ANALYST

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COMPANY OVERVIEW

Incorporated on December 7, 2016, the company began its journey to change the way non-life insurance products are understood and experienced by consumers and distributors in India. 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 nonlife insurance products. As at December 31, 2023, there were 43.26 million people who have availed the insurance benefits under them, out of which 27.74 million customers acquired in motor insurance product, 14.97 million customers acquired in health insurance products.

They offer motor insurance, health insurance, travel insurance, property insurance, marine insurance, liability insurance and other insurance products, which the customer can customize to meet his or her needs. It launched 74 active products across all business lines. As of the nine months ended December 31, 2023 and Financial Year 2023, they have achieved a market share of approximately 6.0% and 5.4%, respectively, in the motor insurance segment.

As of December 31, 2023, they have a broad distribution footprint across 24 states and union territories in India and had relationships with approximately 61,972 Key Distribution Partners. 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.

HIGHLIGHTS

1. Simple and Tailored Customer Experience
2. Focus on Empowering Distribution Partners
3. Predictive Underwriting Models
4. Advanced Technology Platform

OBJECTS OF THE ISSUE

1. Maintenance of solvency ratio; and
2. To undertake the activities proposed to be funded from the Net Proceeds.

Offer for sale up to 54,766,392 equity shares by the selling shareholders. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Go Digit General Insurance Limited was founded in 2016. The company is one of the leading full-stack digital insurance companies, using its technology to develop an innovative approach to product design, distribution and customer experience for non-life insurance products. It has designed its business model to minimize dependence on a single line of business. Their distribution partners include individual agents, POSPs, corporate agents, motor insurance service providers ("MISPs") and brokers.

The company is focusing on achieving growth in new customer acquisition and deepening existing customer relationships. Expand to newer geographies and grow the product portfolio to meet Indian market needs and drive further adoption across the product suite. Optimize customer experience and boost operating leverage through continued investment in technology.

There are a few risk factors which draws attention on their operations. They have a track record of reporting losses. The company is subject to regulatory guidelines such as maintaining solvency margins etc. Go first operates in a highly competitive segment with a few long-standing peers. Their substantial amount of revenue is derived from motor vehicle insurance products, in particular. Any change in particular demand or government policies can have a material adverse effect on the business, financial condition, results of operations and prospects.

The AUM grew at a CAGR of 50.54% over FY21-23. The company is still loss making at operating levels. The company is asking for a PE multiple of 680x on the upper end of the price band and using diluted EPS for FY23 (₹ 0.4) and a PE of 139.7x annualizing diluted EPS for 9MFY24 (₹ 1.46). The P/B stands at 9.8x on NAV of ₹ 27.75 as at 9MFY24. Looking at all the factors, risks, opportunities and aggressive valuation, the investors may avoid the issue.

Brief Financials

PARTICULARS	As at December 31, 2023			₹ in Million
		FY '23	FY '22	FY '21
Total Income	1,308.32	391.87	(2,936.41)	(1,185.49)
Total Expenditure	18.15	36.40	22.10	42.15
EBITDA	1,429.18	506.89	(2,834.02)	(1,137.93)
Profit before Tax	1,290.17	355.47	(2,958.51)	(1,227.64)
Profit after Tax	1,290.17	355.47	(2,958.51)	(1,227.64)
E.P.S. (Diluted)	1.46*	0.40	(3.55)	(1.50)
P/E (x) (Diluted)	-	680	-	-
RONW (%)	5.25*	1.53	(15.85)	(10.82)

* Not Annualised

PRICE CHART (@ ₹ 272) (Retail Category)

LOT SIZE	Amount
55	14,960
110	29,920
165	44,880
220	59,840
275	74,800
330	89,760
385	104,720
440	119,680
495	134,640
550	149,600
605	164,560
660	179,520
715	194,480

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	770	209,440
Big HNI	3,685	1,002,320

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	21/05/2024
Initiation of refunds/unblocking ASBA Fund	22/05/2024
Credit of Equity Shares to demat accounts of Allottees	22/05/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	23/05/2024

For more details, Please refer RHP,

https://www.sebi.gov.in/filings/public-issues/may-2024/go-digit-general-insurance-limited-rhp_83281.html

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