

Price: 426

Recommendation: Buy

Industry: General Insurance

Sector: Financial Services

Report Date: 05-May-2025

General Insurance Corporation of India (GIC Re) is a leading global reinsurance provider, excelling in disciplined underwriting, risk diversification, and portfolio optimization. With a robust solvency ratio of 3.52 and a credit rating upgrade to A-, GIC Re focuses on domestic growth, emerging areas like cyber insurance, and international expansion, ensuring sustainable profitability and operational efficiency.

Sales		Profit & Loss		Profitability Matrix	
Current Year	46318 Cr	Operating Profit(Year)	8699 Cr	Operating Profit Margin	18.8 %
Previous Year	46402 Cr	Operating Profit(Quarter)	1903 Cr	EBITDA Margin	17.01 %
Current Quarter	11167 Cr	PAT (Year)	6497 Cr	Net Profit Margin	14.4 %
Previous Quarter	12130 Cr	PAT (Quarter)	1621 Cr	EPS	40.8
Revenue (QYoY)	11120 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	10.5	Sales Growth	0.72 %	Sales Growth	-7.94 %
PEG Ratio	0.35	PAT Growth	2.93 %	Sales Growth QYoY	0.42 %
EV/EBITDA	5.54	EPS Growth	10.27 %	PAT Growth	-12.9 %
P/B	1.31	Dividend Yield	2.30	PAT Growth QYoY	6.79 %
Capital Allocation		Holdings		Leverage	
RoE	13.8 %	Promoter	82.4 %	Debt/Equity	0.00
RoA	3.87 %	FII	1.93 %	Debt	0.00 Cr
RoCE	16.8 %	DII	13.7 %	Market Cap	74667 Cr
RoIC	16.8 %	Public	2.00 %	Enterprise value	49936 Cr
		No of Shares	175 Cr	Cash Equivalents	24731 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

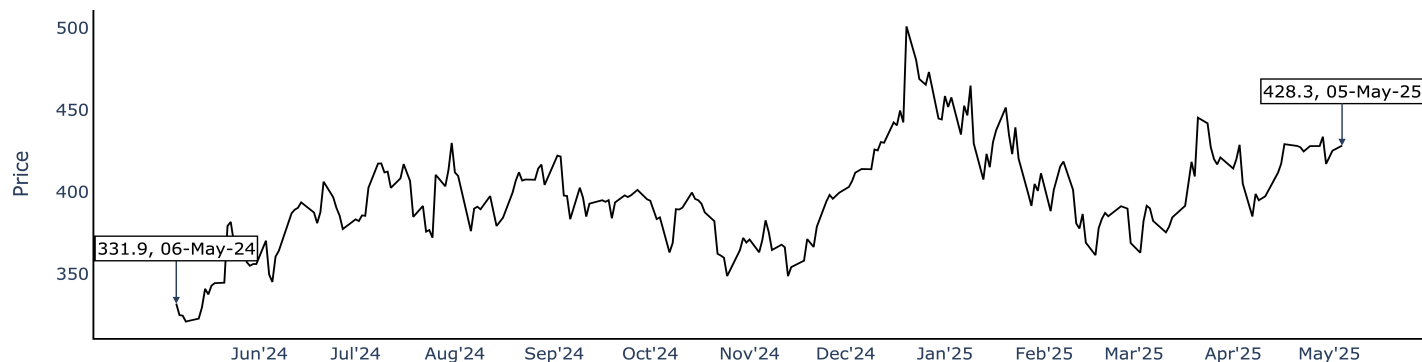
The General Insurance Corporation of India (GIC Re) showcased a robust performance in Q3 FY '25, emphasizing strategic initiatives to navigate a complex reinsurance landscape. The management highlighted its focus on disciplined underwriting, risk diversification, and portfolio optimization to mitigate challenges posed by catastrophic events. A notable shift was observed in the business mix, with increased emphasis on Health Insurance, which grew by 87% year-on-year, driven by retail segments. Additionally, GIC Re is exploring emerging areas such as cyber insurance and surety bonds, aiming to diversify its portfolio beyond catastrophe-exposed classes. The combined ratio improved to 107.83% from 120.5% in the prior year, reflecting better risk management and operational efficiency. Investment income stood at INR 2,627.17 crores, while profit after tax rose to INR 1,621.35 crores, underscoring financial stability.

GIC Re's growth strategy is centered on leveraging domestic opportunities while cautiously expanding its international footprint. Domestic premiums grew by 20.8%, supported by regulatory initiatives to increase insurance penetration, while international premiums declined by 19.7%, partly due to the cessation of legacy contracts. The company's solvency ratio improved to 3.52, well above the regulatory requirement of 1.5, indicating strong capital adequacy. With the recent credit rating upgrade to A-, GIC Re anticipates writing higher-quality international business, targeting mid-teen growth in FY '26. The management also highlighted efforts to stabilize pricing in the Fire Insurance segment, which had previously seen significant discounting, and expects profitability to improve as rates normalize.

Future scaling perspectives are promising, driven by regulatory support for insurance penetration and GIC Re's proactive approach to diversifying its portfolio. The company plans to capitalize on emerging opportunities in niche areas like cyber and surety bonds while maintaining a balanced mix of domestic and international business. The domestic market, supported by government initiatives like "Insurance for All by 2047," offers significant growth potential, with GIC Re positioned to provide reinsurance capacity to primary insurers. Internationally, the company aims to reduce combined ratios by exiting underperforming segments and focusing on profitable classes like property, aviation, and marine.

Constructively, GIC Re's strategic focus on disciplined underwriting, risk diversification, and operational efficiency is commendable. The company's ability to adapt to market dynamics, such as shifting focus to Health Insurance and stabilizing Fire Insurance pricing, reflects strong leadership. While challenges like catastrophic events and currency volatility persist, GIC Re's robust solvency, improved credit rating, and diversified portfolio provide a solid foundation for sustainable growth. Continued emphasis on emerging areas and leveraging domestic opportunities will be key to achieving long-term profitability and scaling its operations effectively.

GICRE Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
ICICI Lombard	91875.33	36.67	18.80%	-1.78%	12.24%	-29.65%	-1.91%
ICICI Pru Life	88490.99	74.64	10.34%	245.81%	-30.22%	18.58%	121.85%
General Insuranc	74667.26	10.50	13.83%	-7.94%	0.42%	-12.87%	6.81%
Life Insurance	517068.62	12.07	63.45%	-11.85%	-4.81%	42.55%	16.69%
New India Assura	28090.16	28.38	1.19%	-0.77%	-5.83%	288.53%	-51.70%

Aspect	Commentary
Revenue	Revenue remained stable YoY at Rs.46,318 Cr, reflecting consistent performance. However, QoQ revenue declined by 7.94%, indicating potential seasonal or operational challenges. Domestic premiums grew significantly, offsetting international premium declines due to legacy contract cessation.
Profit & Loss	Operating profit for the year stood at Rs.8,699 Cr, with PAT at Rs.6,497 Cr, showcasing strong profitability. Quarterly PAT declined by 12.9%, signaling short-term challenges. EPS growth of 10.27% highlights improved shareholder returns despite quarterly fluctuations.
Profitability Matrix	Operating profit margin of 18.8% and net profit margin of 14.4% indicate efficient cost management. EBITDA margin at 17.01% reflects stable operational efficiency. Improved combined ratio from 120.5% to 107.83% underscores better risk management and underwriting discipline.
Valuation Matrix	Trailing P/E of 10.5 and EV/EBITDA of 5.54 suggest undervaluation relative to peers. PEG ratio of 0.35 indicates strong growth potential at a reasonable price. Dividend yield of 2.30% provides attractive returns for investors, supported by robust solvency and profitability.
Growth (YoY)	Sales growth of 0.72% YoY reflects stable revenue generation. PAT growth of 2.93% and EPS growth of 10.27% highlight improved profitability. Health Insurance grew 87% YoY, driven by retail segments, showcasing diversification and focus on emerging opportunities.
Growth (QoQ)	QoQ sales declined by 7.94%, signaling operational challenges, while PAT growth QYoQ improved by 6.79%, reflecting better cost control. EPS growth remained stable, indicating resilience despite revenue fluctuations. Domestic premiums grew 20.8%, offsetting international declines.
Capital Allocation	RoE of 13.8% and RoCE of 16.8% highlight efficient capital utilization. Cash equivalents of Rs.24,731 Cr ensure liquidity for growth initiatives. Solvency ratio of 3.52 exceeds regulatory requirements, enabling sustainable operations and expansion into emerging areas.
Holdings	Promoter holding at 82.4% ensures stability and long-term commitment. FII and DII holdings at 1.93% and 13.7%, respectively, reflect moderate institutional interest. Public holding at 2% indicates limited retail participation, suggesting scope for broader investor engagement.
Leverage	Debt-free status with a debt/equity ratio of 0.00 reflects strong financial health and operational independence. Market cap of Rs.74,667 Cr and enterprise value of Rs.49,936 Cr underscore robust valuation. Solvency ratio of 3.52 highlights capital adequacy and risk resilience.

Analyst viewpoint: General Insurance Corporation of India (GIC Re) demonstrates strong short to mid-term growth potential, supported by disciplined underwriting, risk diversification, and portfolio optimization. The company's robust solvency ratio of 3.52 and recent credit rating upgrade to A- position it well for sustainable profitability and operational efficiency. Domestic premiums grew by 20.8%, driven by regulatory initiatives and retail health insurance expansion, which saw an impressive 87% YoY growth. While QoQ revenue declined by 7.94%, PAT growth QYoQ improved by 6.79%, reflecting better cost control and resilience. Valuation metrics such as a trailing P/E of 10.5 and EV/EBITDA of 5.54 suggest the stock is undervalued compared to peers, offering attractive entry points for investors. Additionally, the company's focus on emerging areas like cyber insurance and surety bonds, coupled with its debt-free status and Rs.24,731 Cr in cash equivalents, ensures liquidity for future growth initiatives.

GIC Re's proactive approach to stabilizing Fire Insurance pricing and exiting underperforming international segments further underscores its commitment to profitability. The combined ratio improvement from 120.5% to 107.83% highlights enhanced risk management and operational efficiency. While international premiums declined by 19.7% due to legacy contract cessation, the company's strategic focus on writing higher-quality business internationally and leveraging domestic opportunities like "Insurance for All by 2047" offers significant scaling potential. Investors should note mild challenges such as currency volatility and catastrophic event risks, but these are mitigated by GIC Re's diversified portfolio and strong capital adequacy. Overall, the company's growth trajectory and operational resilience make it a compelling buy recommendation.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com