

Price: 428

Recommendation: Buy

Industry: General Insurance

Sector: Financial Services

Report Date: 03-Apr-2025

The General Insurance Corporation of India (GIC) is enhancing its market position through strategic initiatives and disciplined underwriting. Recent improvements include a combined ratio of 107.83% and a gross premium income of INR 9,967.71 crores. GIC is expanding into cyber insurance and surety bonds, focusing on risk diversification and health business. With a solvency ratio of 3.52, GIC is poised for growth in domestic and international markets, targeting mid-teen growth rates.

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	5.59	EPS Growth	10.27 %	PAT Growth	-12.9 %
P/B	1.34	Dividend Yield	2.34	PAT Growth QYoY	6.79 %
Capital Allocation		Holdings		Leverage	
RoE	13.8 %	Promoter	82.4 %	Debt/Equity	0.00
RoA	3.87 %	FII	1.80 %	Debt	0.00 Cr
RoCE	16.8 %	DII	13.7 %	Market Cap	75125 Cr
RoIC	16.8 %	Public	2.10 %	Enterprise value	50394 Cr
		No of Shares	175 Cr	Cash Equivalents	24731 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

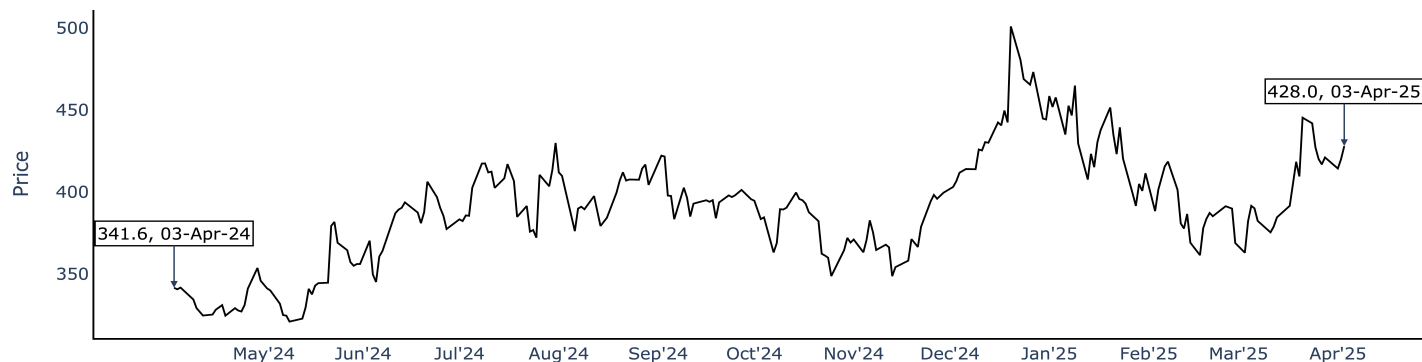
In the recent earnings call, the General Insurance Corporation of India (GIC) outlined several strategic initiatives and business strategies aimed at enhancing its market position and financial performance. The company emphasized its focus on disciplined underwriting and risk diversification, which has led to tangible results this quarter. A key highlight was the improvement in the combined ratio to 107.83%, reflecting a disciplined underwriting approach and prudent risk management. The company has been optimizing portfolio quality by exiting underperforming segments and increasing focus on business lines that align with its risk appetite and profitability targets. The gross premium income for Q3 FY '25 stood at INR 9,967.71 crores, marking a significant increase from the previous year. The incurred claims ratio also showed improvement, declining to 87.8% from 103.1% in the previous year.

GIC is actively pursuing growth in emerging areas such as cyber insurance and surety bonds, which are seen as promising sectors due to increasing demand and regulatory support. The company is also focusing on diversifying its portfolio to mitigate risks associated with catastrophic events. This diversification strategy includes a shift towards the Health Business, which is distinct from the Catastrophe business. The company is optimistic about sustaining its growth momentum, driven by strategic initiatives and a commitment to achieving long-term underwriting profitability. The solvency ratio has improved to 3.52, well above the regulatory requirement, indicating strong financial health.

Looking ahead, GIC is poised for future growth and scaling, with a focus on both domestic and international markets. The domestic market is expected to offer significant opportunities due to the Indian economy's robust performance and regulatory initiatives aimed at increasing insurance penetration. The international business is also expected to grow, supported by an improved credit rating and strategic partnerships. The company is targeting a mid-teen growth rate in the coming years, driven by a combination of market expansion and strategic diversification. The management has expressed confidence in achieving double-digit growth, contingent on favorable market conditions and strategic execution.

While the company's performance and strategic direction are commendable, there are areas for potential improvement. The international business, although showing signs of recovery, still faces challenges with a combined ratio above 100%. The company aims to bring this down through strategic adjustments and improved risk management. Additionally, the investment income has been lower than expected, primarily due to market volatility affecting the sale of securities. Addressing these challenges will be crucial for sustaining long-term growth and profitability. Overall, GIC's strategic initiatives and market positioning provide a solid foundation for future success, with opportunities for further optimization and growth.

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	90804.78	36.06	16.96%	0.22%	18.62%	4.39%	67.89%
ICICI Pru Life	81776.27	83.97	8.07%	-81.97%	-82.84%	29.45%	43.18%
General Insuranc	75124.60	10.49	13.83%	-7.94%	0.42%	-12.87%	6.81%
Life Insurance	515709.37	11.98	63.45%	-11.85%	-4.81%	42.55%	16.69%
New India Assura	26951.11	27.27	1.19%	-0.77%	-5.83%	288.53%	-51.70%

Aspect	Commentary
Revenue	The company's revenue shows a slight decline from the previous year, indicating a need for strategic initiatives to boost sales. The quarterly revenue also decreased, suggesting potential seasonal impacts or market challenges. A focus on diversifying revenue streams could help stabilize and grow future earnings.
Profit & Loss	Operating profit and PAT have shown resilience with slight growth, reflecting effective cost management. However, quarterly figures indicate a decline, highlighting potential short-term challenges. Maintaining profitability will require strategic cost controls and revenue enhancement strategies.
Profitability Matrix	The company maintains healthy profitability margins, with an operating profit margin of 18.8% and a net profit margin of 14.4%. These figures suggest efficient operations and cost management. Continued focus on margin improvement can enhance overall financial health.
Valuation Matrix	The valuation metrics indicate a relatively attractive investment opportunity, with a trailing P/E of 10.5 and a PEG ratio of 0.35. These suggest the stock is undervalued relative to its growth potential. Investors may find this appealing for long-term gains.
Growth (YoY)	Year-over-year growth metrics show modest improvements, with sales and PAT growth indicating steady performance. EPS growth of 10.27% is particularly strong, suggesting effective earnings management. Continued focus on growth initiatives is essential for sustained performance.
Growth (QoQ)	Quarter-over-quarter growth metrics reveal challenges, with declines in sales and PAT. This suggests potential short-term market or operational issues. Addressing these through strategic adjustments will be crucial for reversing the negative trend and achieving growth.
Capital Allocation	The company demonstrates strong capital allocation efficiency, with high RoE and RoCE figures. This indicates effective use of capital to generate returns. Maintaining this efficiency will be key to supporting future growth and shareholder value.
Holdings	The promoter holding is significantly high at 82.4%, indicating strong confidence in the company's prospects. Institutional holdings are moderate, suggesting potential for increased institutional interest. Enhancing public and institutional engagement could support stock liquidity.
Leverage	The company has no debt, reflecting a strong balance sheet and financial stability. This provides flexibility for future investments and growth initiatives without the burden of interest obligations. Maintaining this leverage position will support long-term financial health.

Analyst viewpoint: The General Insurance Corporation of India (GIC) presents a robust case for short to mid-term investment with its strategic initiatives and solid financial fundamentals. Key highlights from the recent quarterly data show a disciplined approach with a quarterly gross premium income of INR 9,967.71 crores, marking a significant year-over-year increase and an improvement in the combined ratio to 107.83%, indicative of sound underwriting practices. The company has maintained a trailing P/E of 10.5 and a PEG ratio of 0.35, suggesting undervaluation relative to growth potential. GIC's steadfast commitment to bolstering its risk diversification efforts through expansions into cyber insurance and surety bonds, coupled with a robust solvency ratio of 3.52, positions it well for continued growth in domestic and international markets. These strategic efforts, combined with an attractive valuation, underscore the company's potential to deliver worthwhile returns in the foreseeable future.

In the peer landscape, GIC stands out with competitive capital allocation metrics, including a RoE of 13.8% and RoCE of 16.8%, underscoring its operational efficiencies and effective management of resources. Despite minor QoQ declines in sales and PAT, which reflect broader market challenges, the company's strategic focus on emerging sectors and improved portfolio quality offers a clear path for enhanced profitability and resilience. However, it is prudent to note that while international business performance shows promising recovery signs, further enhancements are needed to bring combined ratios below 100% consistently. Addressing these areas alongside strategic risk management will be critical in sustaining long-term growth and further strengthening GIC's market stature.

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