

**niva**  
Health Insurance

Bupa



**Issue Opens - November 7, 2024 to November 11, 2024**

**Price Band**  
**₹70 to ₹74**

**Face Value**  
₹10

**Issue Size**  
₹2,200.00 Cr

**Lot Size**  
200 Shares

**Issue Type**  
Book Built

**Issue Size**

**297,297,297 shares / ₹2,200.00 Cr**

**Fresh Issue**

**108,108,108 shares / ₹800.00 Cr**

**Offer for Sale**

**189,189,189 shares / ₹1,400.00 Cr**

**Basis of Allotment**

**Tuesday, November 12, 2024**

**Initiation of Refunds**

**Wednesday, November 13, 2024**

**Credit of Shares to Demat**

**Wednesday, November 13, 2024**

**Niva Bupa Listing Day**

**Thursday, November 14, 2024**

[research@ganeshstock.com](mailto:research@ganeshstock.com)

# Objects of The Offer



The company proposes to utilise the Net Proceeds towards the following objects:

1. Augmentation of its capital base to strengthen solvency levels and
2. General corporate purposes

## Brief profile of the Directors

**Krishnan Ramachandran** - MD and CEO - He holds a bachelor's of technology in electronic engineering from IIT, Madras and holds a post-graduate diploma in management from IIM, Calcutta. He has been associated with our Company since April 2020. He has over 24 years of experience across health insurance, healthcare & life sciences industries. Previously, he has been associated with Apollo Munich Health Insurance Company Ltd as their CEO and has been a consultant with Deloitte Consulting L.P. and Arthur Andersen.

**Chandrashekhar B. Bhawe** - Chairman and Independent Director - He is an alumnus of Jabalpur Engineering College, Madhya Pradesh. He has been associated with our Company since 2019. He has experience in the state and central administrative services and securities regulation. He has also served as the chairman and managing director of NSDL during the years 1996 to 2008. Further, he has served as the chairman of SEBI during the years 2008 to 2011.

**David M Fletcher** - Non-Executive Director and nominee of Bupa Singapore Holdings Pte. Ltd - He holds a bachelor's degree in modern history from Durham University, United Kingdom. He commenced in the role of chief risk officer for Bupa in 2017. He has been with Bupa since 2014 and previously held roles as chief internal auditor and managing director of Bupa International Development Markets. He is a member of the chief executive committee at Bupa and vice chairman and director of Bupa Arabia For Cooperative Insurance Company. He has over 20 years of experience in risk management.

**Divya Sehgal** - Non-Executive Director and nominee of Fettle Tone LLP - He holds a bachelor's of technology in electrical engineering from IIT, Delhi and holds a post graduate diploma in management from IIM, Bengaluru. He has been associated with our Company since December 2019. Currently, he is associated with True North Managers LLP as a partner. He has over 22 years of experience in the financial sector.



## About The Company

**Niva Bupa Health Insurance Company Ltd.** was incorporated in 2008. It is a health insurance company that offers a range of health insurance products to individuals and families. The company is a joint venture between Bupa, a leading global healthcare group, and a group of Indian investors. Niva Bupa has a strong network of hospitals and doctors across India.

## Key Business Operations

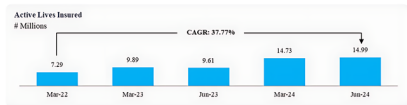
Niva Bupa follows a customer-centric approach in underwriting and selling health insurance, expanding their customer base by offering a wide range of health insurance products to individuals across age, income, and health categories. As reported by Redseer, Niva Bupa has delivered numerous "industry-firsts" in product innovation within the Indian health insurance sector, notably with their products "Reassure" and "Reassure 2.0," which are market-leading due to their unique features. Through the "Niva Bupa Health" mobile app, customers have access to a holistic health solution that includes Niva Bupa's health ecosystem and service capabilities, as well as self-service tools to enhance the claims process. They employ a long-term value (LTV)-based approach for customer selection and pricing, strategically distributing products through diverse channels, focusing on up-selling and cross-selling, and driving profitable growth in retail health insurance.

Niva Bupa adopts a "digital-first" strategy, integrating technology throughout the customer journey—from onboarding and underwriting to claims and renewals. Their distribution model is multi-faceted, combining direct sales and intermediated channels, including agents, banks, and brokers.



The company is focused on growing their direct sales while strengthening partnerships with individual agents and banks to ensure a balanced distribution mix. Leveraging a digital infrastructure, they execute auto-underwriting and auto-adjudication to improve pricing, claims management, and fraud detection in real-time using machine learning algorithms. Niva Bupa is dedicated to building a profitable, customer-focused retail health insurance franchise through strategic underwriting, an expanded distribution network, and an enhanced customer and claims experience, all grounded in disciplined investment management.

Niva Bupa active lives insured at the end of the Fiscal, as at the dates indicated.



Niva Bupa Combined Ratio for the periods and years indicated.



# Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	June 30, 2024	June 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
<b>Operating Profit/(Loss)</b>					
1 Income from Insurance	232.31	-134.77	1,880.26	3,509.43	457.43
2 Income from investments					
(a) Interest, Dividend & Rent - Gross	459.56	221.53	1,336.85	540.84	375.44
(b) Profit on sale of investments	20.39	6.31	32.58	14.25	9.41
(c) (Loss on sale/redemption of investments)					
(d) Amortization of Premium/Discount on Investments	6.86	1.67	5.96	4.53	-9.43
3 Other income					
(a) Gain/(loss) on foreign exchange fluctuation	-0.4	-0.43	-1.58	-0.14	-1.27
(b) Interest income on fixed deposits	1.1	4.86	9.05	7.75	2.13
(c) Provisions written back	6.45	6.23	24.13	54	71.08
<b>Total (A)</b>	<b>726.27</b>	<b>105.8</b>	<b>3,287.25</b>	<b>4,130.68</b>	<b>904.79</b>
<b>4. Provisions (Other than taxation)</b>					
(a) For diminution in the value of investments				-199.77	
(b) For doubtful debts	8.34	0.06	18.13	10.25	221.71
(c) Others					
<b>5. Other Expenses</b>					
(a) Expenses other than those related to Insurance Business					
(i) Director's sitting fees	1.6	1.6	5.5	5.3	6.6
(ii) Others	65.65	1.26	41.33	34.72	
(b) Bad debts written off					
(c) Interest on subordinated debt	66.69	66.69	267.1	267.1	65.23
(d) Expenses towards CSR activities					
(e) Penalties					
(f) Contribution to Policyholders A/c					
(i) Towards Excess Expenses of Management (refer note 25 of schedule 17)	837.85	688.33	2,164.51	3,641.61	2,717.17
(ii) Towards remuneration of MD/CEO/WTD/Other KMPs	5.45	11.83	39.27	24.38	
(iii) Others					
(g) Others					
<b>Total (B)</b>	<b>914.48</b>	<b>827.78</b>	<b>2,468.73</b>	<b>4,005.26</b>	<b>2,870.04</b>
<b>Profit/(Loss) Before Tax</b>	<b>88.76</b>	<b>-68.62</b>	<b>388.9</b>	<b>857.54</b>	<b>-1,965.25</b>
<b>Provision for Taxation</b>	<b>-31.21</b>	<b>-721.4</b>	<b>81.82</b>	<b>126.4</b>	<b>-1,065.25</b>
<b>Profit/(Loss) after tax</b>	<b>120.19</b>	<b>-789.92</b>	<b>307.08</b>	<b>731.14</b>	<b>-2,031.94</b>
<b>Basic Earnings per share of Rs. 10 each (Refer Note 22 of Schedule 17)</b>	<b>-0.11</b>	<b>-0.68</b>	<b>0.31</b>	<b>0.09</b>	<b>-1.42</b>
<b>Diluted Earnings per share of Rs. 10 each (Refer Note 22 of Schedule 17)</b>	<b>-0.11</b>	<b>-0.68</b>	<b>0.31</b>	<b>0.09</b>	<b>-1.42</b>

# Strengths



- **Strong Market Position:** Niva Bupa is one of India's largest standalone health insurers, holding a market share of 17.29%. The company has demonstrated robust growth, with a 43% increase in premiums in FY24 compared to the previous year, and a 575% increase in profit after tax (PAT) during the same period
- **Comprehensive Product Portfolio:** The company offers a diverse range of health insurance products tailored to various customer segments, including individual, family, and group policies. This adaptability helps meet the needs of a broad customer base
- **Technological Advancements:** Niva Bupa utilizes technology to enhance customer engagement through automation and machine learning, improving operational efficiency and customer satisfaction. Their digital platforms facilitate seamless access to services like wellness programs and telemedicine.
- **Robust Financial Growth:** With substantial increases in assets under management (AUM) and a significant rise in the number of insured lives (up by 49% to approximately 14.73 million), Niva Bupa is well-positioned for future growth.
- **Strong Parentage:** Backed by the Bupa Group, which has a strong international presence in healthcare services, Niva Bupa benefits from global expertise and brand recognition, enhancing its credibility in the Indian market

# Threats

- **Intense Competition:** The health insurance sector in India is highly competitive, with numerous public and private players vying for market share. This competition can pressure pricing and margins, impacting profitability.
- **Regulatory Dependence:** The company's operations are closely tied to health insurance regulations set by the Insurance Regulatory and Development Authority of India (IRDAI). Any adverse changes in regulations could affect revenue streams and operational costs.
- **Recent Financial Performance Concerns:** While Niva Bupa has shown impressive growth overall, it reported a net loss in the first quarter of FY25, raising concerns about its short-term financial stability. Analysts have noted that the IPO pricing appears aggressive given this recent performance

# Valuation and Outlook



**Niva Bupa Health Insurance Company** IPO is expected to be priced between ₹70 to ₹74 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 145.09x whereas the industry average is 38.6x.

Name of the Company	Face Value (₹ per share)	EPS (Basic) (₹)	EPS (Diluted) (₹)	Net Profit (₹mn)	Net Worth (₹mn)	RoNW (%)	P/E(4)	P/B(5)	NAV per equity share (₹)	Closing Share Price on BSE as on October 26, 2024 (₹ per share)	Market Capitalization (₹mn)
Niva Bupa Health Insurance Company Limited	10	0.51	0.5	818.52	20,495.90	5.68%	#	#	12.06	N/A	N.A.
<b>Listed Peers</b>											
Star Health and Allied Insurance Company Ltd	10	14.48	14.19	8,450.10	63,416.20	14.35%	38.27	5.01	108.35	543.05	31907863
ICICI Lombard General Insurance Company Ltd	10	39.03	38.78	19,185.90	1,19,597.60	17.17%	48.91	7.81	242.75	1,896.80	938,332.21
The New India Assurance Company Ltd(2)	5	6.77	6.77	10,911.20	2,18,443.30	5.13%	28.62	1.46	132.55	193.75	319,300.00

Niva Bupa Health Insurance Co. Ltd. (NBHICL) is a top health insurer in India, offering a wide range of products and services to support customers in their healthcare journeys. With wellness resources, doctor consultations, diagnostics, and medicine delivery available via its app, Niva Bupa provides a comprehensive health ecosystem. As one of India's fastest-growing standalone health insurers, it achieved a GDPI of Rs. 5494 crores in FY24.

With new product innovations like "ReAssure" and "Aspire," along with digital advancements, Niva Bupa prioritizes customer needs and has seen strong growth, including a profit increase of 552.7% in FY24. Priced at ₹74 per share, the IPO values the company at ₹13,520 crores, though 64% is offered as an offer for sale (OFS). Partnered with the Bupa Group, Niva Bupa is well-positioned in the growing Indian market. We rate a **"Subscribe"** rating for long-term investors.

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