



MSEARCH

INITIAL PUBLIC OFFER (IPO)

06-11-2024

NIVA BUPA HEALTH INSURANCE COMPANY LTD

07-11-2024 - 11-11-2024

Industry: General Insurance

Price Band: ₹70 - 74

Recommendation: Subscribe for long term

Post Implied Market Cap: - ₹12,832 - ₹13,520Cr

Key Data

Issue Size (₹ Cr)	2,200
Fresh (₹)	800
OFS (₹)	1,400
No. of shares offered	108,108,108
Face Value (₹ /share)	10
Bid Lot	200

About the Company

Niva Bupa Health Insurance Company Limited ("Niva Bupa") is one of India's largest and fastest-growing standalone health insurers, achieving a health GDPI of ₹ 5,494.43 cr in FY 2024. With a market share of 17.29% in the Indian SAHI market as of August 2024, the company offers retail and group insurance products covering health, personal accident, and travel. Niva Bupa's diverse product offerings, supported by its mobile app and website, aim to provide accessible healthcare and disease management solutions for individuals, families and groups. Notably, it is the only Indian health insurer majority-owned by a foreign healthcare group.

Investment Rationales

- Granular retail health insurer with a focus on delivering robust GWP growth, capital efficiency and profitability:** Niva Bupa's focus on higher-margin, high-LTV retail health products has led to an increase in policies with sums insured over ₹ 1 million, representing 73.66% of new policies in Q1 FY 2024. The average ticket size of these policies rose from ₹ 28,797.48 in FY 2024 to ₹ 30,419.06 in Q1 FY 2025. Additionally, Niva Bupa improved its Claims Ratio to 59.02% in FY 2024, down from 62.12% in FY 2022, and further reduced it to 64.03% in Q1 FY 2025, reflecting enhanced operational efficiency.

- Diverse product suite for customers, bolstered by the track record for product innovation:** Niva Bupa offers a diverse health insurance portfolio catering to various customer needs. Its flagship product "Reassure" includes features like "Booster+" for extended coverage, while the recently launched "Aspire" targets Millennials and Gen Z with tailored options like "Lock the Clock." Product innovation has been a growth driver, with overall Gross Written Premium (GWP) increasing at a CAGR of 41.27% from FY 2022 to FY 2024, and retail health GWP growing at 33.41%. For Q1 FY 2024, overall GWP grew by 30.84%, and retail health GWP by 31.99%, indicating strong growth momentum.

- Technology-led automated approach to customer servicing:** Company has implemented advanced automated and digital self-serve tools to enhance customer experience, achieving over 50% auto-decisioning on retail policies as of Q1 FY 2024 and FY 2024. They offer various self-service options, including chatbots, mobile app support, and interactive voice responses. Recently, they launched "Cia," an AI-powered chatbot with natural language processing. Through a partnership with Vitraya Technologies, they also introduced paperless, auto-adjudicated cashless claims, reducing the need for manual intervention and streamlining claims processing for customers.

- Access to "360-degree" health and wellness ecosystem platform provides a holistic health proposition for customers:** Niva Bupa is building a "360-degree" health and wellness ecosystem through their 'Niva Bupa Health' app and website to enhance customer experience and well-being. The app includes health tracking tools like an activity tracker and BMI calculator, while curated renewal products like "ReAssure 2.0" offer discounts for achieving health goals, promoting active and healthy lifestyles.

- Bupa parentage and brand associated with health insurance and healthcare:** Niva Bupa benefits from its promoters, Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Ltd., who are part of the global Bupa Group. This association provides Niva Bupa with access to Bupa's extensive international expertise in healthcare, impacting its product innovation, technical support, actuarial insights, customer focus, and localized solutions.

Risk

- Regulatory inspections by IRDAI.

MView

We believe Niva Bupa Health Insurance Company Ltd IPO brings investor an opportunity to invest in a one of India's fastest-growing standalone health insurers with a robust product portfolio, strategic innovation and digital advancements. We think with high-margin, high-LTV products driving significant growth in their retail health business, the company has managed to increase the average ticket size and improve its claims ratio, demonstrating operational efficiency. We also believe recent product launches like "ReAssure" and "Aspire," aimed at diverse demographics, along with a well-developed "360-degree" health ecosystem on their app, reflect a customer-centric approach with long-term potential.

By looking at the financials, the company has shown substantial growth, with AUM and net premium earned increasing by 62.2% and 43.1%, respectively, in FY 2024, alongside a remarkable profit surge from ₹ 12.25 cr in FY 2023 to ₹ 81.85 cr in FY 2024 (a 552.7% increase). On valuation parse at the upper price band ₹ 74/-, the issue is asking a Market Cap of ₹ 13520 cr and based on FY 2025e annualised earnings and fully diluted post IPO paid-up capital, the company is asking for a PB of 4.77x which appears fully priced compare to its industry average ~4x. Investors should also look at IPO offers which come with nearly 64% OFS i.e ₹ 1400/- cr with total issue of ₹ 2200 cr which is an area of concern for new investors. Being its association with the Bupa Group, accessing global expertise in healthcare innovation and customer service. With a CAGR of 41.27% in GWP from Fiscal 2022-2024, Niva Bupa is strategically positioned to capitalize on India's growing health insurance market. Hence, by looking at all the attributes we recommend investors to "SUBSCRIBE" the Niva Bupa Health Insurance Company Ltd IPO for long term perspective only.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	12-11-2024
Refunds/Unblocking ASBA Fund	13-11-2024
Credit of equity shares to DP A/c	13-11-2024
Trading commences	14-11-2024

Shareholding (No. of shares)

Pre-Issue	1,718,918,290
Post Issue (Lower price band)	1,833,204,004
Post Issue (Higher price band)	1,827,026,398

Shareholding Pattern

Promoter:

Pre Issue	88.99%
Post Issue	73.38%

Public:

Pre Issue	11.01%
Post Issue	26.62%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Axis Capital, ICICI Securities, Morgan Stanley, Kotak Mahindra Capital, HDFC Bank, Motilal Oswal

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

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CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at June 30		As at March' 31		
	2024 (03)	2023 (03)	2024	2023	2022
Equity Share Capital	1,700.12	1,548.22	1,699.54	1,510.68	1,408.60
Reserve	1,282.44	495.61	1,282.02	334.26	125.40
Net Worth	2,031.77	957.82	2,049.59	831.12	507.65
AUM	5,674.44	3,737.55	5,458.23	3,366.10	2,401.32
Net Premium Earned (NET)	1,018.02	743.58	3,811.25	2,662.75	1,752.51
EBITDA	-7.78	-56.46	138.00	71.28	-163.24
Net Profit for the Year	-18.82	-72.2	81.85	12.54	-196.53
EPS	-0.11	-0.48	0.51	0.09	-1.42
RONW (%)	-0.92%	-8.07%	5.68%	1.87%	-36.25%
Net Asset Value (₹) as stated	11.95	6.19	12.06	5.50	3.60

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Net Worth (₹ Cr)	Net Profit (₹ Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW
Niva Bupa Health Insurance Co. Ltd	2,049.59	81.85	13,520	10	0.51	15.50	4.77	-	5.68%
Star Health and Allied Insurance Co Ltd	6,341.62	845.01	28,186	10	14.48	108.35	4.10	32.8	14.35%
ICICI Lombard General Insurance Co Ltd	11,959.78	1,918.59	95,163	10	39.03	242.75	7.00	42.8	17.17%
The New India Assurance Co Ltd	21,844.30	1,091.12	31,361	5	6.77	132.55	1.05	23.0	5.13%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 06-11-2024

Niva Bupa Health Insurance Co Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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