

Niva Bupa Health Insurance Company Limited

IPO Note



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Health Insurance company that enables customers to navigate their healthcare & wellness journey, by providing them with access to a holistic health ecosystem

The company was originally incorporated as "Max Bupa Health Insurance Limited" in New Delhi, Delhi, in 2008, as a public limited company under the Companies Act, 1956. The company was granted its certificate of business commencement on December 23, 2008. In 2009, the company underwent its first name change to "Max Bupa Health Insurance Company Limited," reflecting a partnership with Bupa, a global healthcare leader. In 2021, the company adopted its current name, "Niva Bupa Health Insurance Company Limited," marking a new chapter in its journey. Niva Bupa Health Insurance Company Limited is focused on delivering a wide range of health insurance solutions to meet the diverse needs of individuals, families, and organizations across India.

Through a robust network of healthcare partners and facilities, Niva Bupa provides access to quality healthcare, ensuring policyholders receive comprehensive care and financial protection in medical emergencies. The company's offerings include individual health plans, family floater policies, and critical illness covers, tailored to address various health concerns and financial security needs. As of the latest fiscal year, Niva Bupa has established a significant footprint in the Indian health insurance industry. With a strategic approach to customer care, innovative digital initiatives, and a commitment to transparency, the company has developed a reputation as a trusted health insurance provider. Its growth has been driven by a combination of product innovation, expanding distribution networks, and strategic partnerships with healthcare providers, positioning Niva Bupa to address the evolving healthcare needs of India's population effectively.

Financially, Niva Bupa has demonstrated robust growth. In the fiscal year ending March 31, 2024, the company reported a Gross Written Premium (GWP) of INR 5,608 crore, a significant increase from INR 4,073 crore in the previous fiscal year. The Net Earned Premium stood at INR 3,811 crore, up from INR 2,663 crore in the prior year. Investment income also saw an uptick, reaching INR 163 crore compared to INR 131 crore in the previous year. These figures underscore Niva Bupa's strong financial performance and its growing presence in the Indian health insurance market.

Key Consolidated Financial Data (INR Cr, unless specified):

| | Gross Premium (INR cr) | Net Premium (INR cr) | Benefits paid (INR cr) | Net Profit (INR cr) | Net Profit Margin (%) | Total Expense Ratio (%) | Solvency Ratio (X) | EPS (INR per share) |
|------|---------------------------|-------------------------|---------------------------|------------------------|--------------------------|----------------------------|-----------------------|------------------------|
| FY22 | 2,810.0 | 1,752.5 | 1,088.6 | (196.5) | (11.2) | 17.5 | 1.7 | (1.1) |
| FY23 | 4,073.0 | 2,662.8 | 1,439.3 | 12.5 | 0.5 | 24.5 | 1.7 | 0.1 |
| FY24 | 5,607.6 | 3,811.2 | 2,249.5 | 81.9 | 2.1 | 31.4 | 2.6 | 0.5 |

Source: Ventura Research & Company update

| Industry | Health Insurance |
|----------|------------------|
|----------|------------------|

Scrip Details

| | |
|-------------|--------------|
| Listing | BSE & NSE |
| Open Date | Nov 07, 2024 |
| Close Date | Nov 11, 2024 |
| Price Band | INR 70 – 74 |
| Face Value | INR 10 |
| Market Lot | 200 Shares |
| Minimum Lot | 1 |

Issue Structure

| | |
|----------------------------------|-----------|
| Issue Size (INR cr) | 2,200.00 |
| Issue Size (Shares) | 297297297 |
| QIB Share (%) | > 75% |
| Non-Inst Share (%) | < 15% |
| Retail Share (%) | < 10% |
| Pre-Issue sh (in cr) | 170.01 |
| Post Issue sh (in cr) | 180.82 |
| Post Issue Market Cap (in cr) | 13380.91 |

| Shareholding | Pre (%) | Post (%) |
|--------------|------------|-------------|
| Promoter | 62.27 | 48.08 |
| Public | 37.73 | 51.92 |
| TOTAL | 100 | 100 |

Issue Structure and Offer Details

Niva Bupa Health Insurance Company Limited IPO is a book-built issue of INR 2200.00 cr. The issue is composed partly of fresh issue of 10.81 cr shares aggregating to INR 800.00 cr & partly OFS of 18.92 cr shares aggregating to INR 1400 cr.

| Issue Structure | |
|-------------------|---------------------------------------|
| Investor Category | Allocation |
| QIB | Not less than 75.00% of the Offer |
| NII (HNI) | Not more than 15.00% of the Net issue |
| Retail | Not more than 10.00% of the Offer |

Number of shares based on a higher price band of INR 74

Source: Company Reports

Objects of the Issue

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

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

Financial Summary

| Fig in INR cr (unless specified) | FY22 | FY23 | FY24 | Fig in INR cr (unless specified) | FY22 | FY23 | FY24 |
|-----------------------------------|-----------|-----------|-----------|--------------------------------------|------------|------------|------------|
| Income Statement | | | | Operating Ratios (%) | | | |
| Gross Premium | 2,810.0 | 4,073.0 | 5,607.6 | Investment yield | 3.6 | 4.0 | 3.1 |
| <i>YoY Growth (%)</i> | - | 44.9 | 37.7 | Total expense ratio | 17.5 | 24.5 | 31.4 |
| Net Premium | 1,752.5 | 2,662.8 | 3,811.2 | Claims/NWP | 62.1 | 54.1 | 59.0 |
| <i>YoY Growth (%)</i> | - | 51.9 | 43.1 | Solvency Ratio | 1.7 | 1.7 | 2.6 |
| Income from Investments | 87.3 | 134.4 | 166.7 | EPS | (1.1) | 0.1 | 0.5 |
| Other Income | 0.0 | 0.0 | 0.0 | Cashflow Statement | | | |
| Commission | 120.4 | 190.8 | 748.2 | Premium Receipts | 34,064.3 | 49,751.8 | 67,540.7 |
| Operating expenses | 859.2 | 1,184.1 | 1,009.8 | Other Receipts | 54.9 | 54.3 | 24.1 |
| Benefits paid (net) | 1,088.6 | 1,439.3 | 2,249.5 | Net Payment to Co-insurers | (189.5) | (2,637.6) | (2,972.2) |
| PBT | (196.5) | 12.5 | 81.9 | Claims, Commission & Expenses | (27,866.9) | (35,752.4) | (51,549.3) |
| <i>YoY Growth (%)</i> | - | 106.4 | 552.7 | Deposits, Advances & Staff Loans | (238.2) | (63.0) | (46.8) |
| Tax Expense | 0.0 | 0.0 | 0.0 | Income Taxes paid | - | - | - |
| <i>Tax Rate (%)</i> | 0.0 | 0.0 | 0.0 | Goods & Services Tax paid | (2,446.5) | (5,428.0) | (4,871.3) |
| PAT | (196.5) | 12.5 | 81.9 | Cashflow from Operating Activities | 3,378.2 | 5,925.1 | 8,125.3 |
| <i>YoY Growth (%)</i> | - | 106.4 | 552.7 | Purchase of Fixed Assets | (287.9) | (377.9) | (329.5) |
| Balance Sheet | | | | Proceeds from Sale of Fixed Assets | - | - | 1.2 |
| Sources of Funds | | | | Purchase of Investments | (25,222.5) | (27,684.4) | (47,697.4) |
| Share Capital | 1,408.6 | 1,510.7 | 1,699.5 | Proceeds from Sale of Investments | 17,266.4 | 18,133.1 | 26,967.0 |
| Reserves and Surplus | 125.4 | 334.3 | 1,282.2 | Interest, Rental & Dividend Income | 1,012.3 | 1,635.3 | 2,242.8 |
| Fair Value Change - Shareholders | (2.0) | (3.4) | 0.8 | Cashflow from Investing Activities | (7,231.7) | (8,293.9) | (18,815.9) |
| Fair Value Change - Policyholders | 0.0 | 0.3 | 0.0 | Proceeds from Issue of Share Capital | 1,272.3 | 3,108.1 | 11,368.9 |
| Borrowings | 250.0 | 250.0 | 250.0 | Proceeds from Borrowings | 2,500.0 | 0.0 | 0.0 |
| Total | 1,782.0 | 2,091.9 | 3,232.6 | Repayment of Borrowings | 0.0 | 0.0 | 0.0 |
| Application of Funds | | | | Interest & Dividends Paid | 0.0 | (267.5) | (267.5) |
| Investments | 2,401.3 | 3,366.1 | 5,458.2 | Other Expenses | (34.7) | (41.3) | (1.3) |
| Fixed Assets | 49.7 | 55.6 | 58.8 | Cashflow from Financing Activities | 3,737.6 | 2,799.3 | 11,100.2 |
| Net Current Assets | (1,695.3) | (2,343.6) | (3,216.4) | Net cashflow during the year | (115.9) | 430.5 | 409.6 |
| Profit & Loss (Dr. Balance) | 1,026.4 | 1,013.8 | 932.0 | Opening Cash & Cash Equivalents | 704.1 | 588.1 | 1,018.6 |
| Total | 1,782.0 | 2,091.9 | 3,232.6 | Closing Cash & Cash Equivalents | 588.1 | 1,018.6 | 1,428.2 |

Source: Ventura Research

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