

IPO Note

November 06, 2024

Niva Bupa Health Insurance Company Limited





Issue Snapshot:

Issue Open: November 07 – November 11, 2024

Price Band: Rs. 70 – 74

*Issue Size: Up to Rs 2200 cr (Fresh issue of up to Rs 800 cr + Offer for sale of Up to Rs 1400 cr)

Reservation for:

QIB	atleast	75% eq sh
Non-Institutional	upto	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	upto	10% eq sh

Face Value: Rs 10

Book value: Rs 11.95 (June 30, 2024)

Bid size: - 200 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs.	1718.9 cr
*Post issue Equity:	Rs.	1827.0 cr

Listing: BSE & NSE

Book Running Lead Managers: ICICI Securities Limited, Morgan Stanley India Company Private Limited, Kotak Mahindra Capital Company Limited, Axis Capital Limited, HDFC Bank Limited, Motilal Oswal Investment Advisors Limited

Sponsor Bank: Axis Bank Ltd & HDFC Bank Ltd

Registrar to issue: Kfin Technologies Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	89.07	73.44
Public & Employees	10.93	26.56
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Niva Bupa Health Insurance Co. Ltd. (NBHICL) is one of the leading health insurance company in India. Its purpose is to "give every Indian the confidence to access the best healthcare". It aims to achieve this purpose through health insurance products and services that enable customers to navigate their healthcare journey, by providing them access to a holistic health ecosystem. NBHICL is one of India's largest and fastest growing SAHI based on overall health GDPI of Rs. 5494.43 cr. in Fiscal 2024. From Fiscal 2022 to Fiscal 2024, its overall GWP grew at a CAGR of 41.27% and GWP from retail health grew at a CAGR of 33.41%. From the three months ended June 30, 2023 to the three months ended June 30, 2024, its overall GWP also grew by 30.84% and GWP from retail health grew by 31.99%. The Company's growth in overall health GDPI from Fiscal 2022 to Fiscal 2024 of 41.37% is one of the highest growths among SAHIs, and is almost double of the industry's average, which increased by 21.42% from Fiscal 2022 to Fiscal 2024. It had a market share in the Indian SAHI market of 17.29%, 16.24%, 15.58% and 13.87% for year-to-date August 2024 (Fiscal 2025), Fiscals 2024, 2023, and 2022 respectively based on retail health GDPI.

Responding to the evolving needs of customers over 16 years of operations, NBHICL has built a track record of product innovation catering to a range of customer groups. The Company aims to create a health insurance platform of choice for customers in India. It offers customers the ability to access a comprehensive health ecosystem and service capabilities via its 'Niva Bupa Health' mobile application and website, thereby offering a holistic proposition. This application provides customers access to a range of healthcare solutions including diagnostics, digital consultation, annual health check-ups and health education content. Customers can also undertake claims submission, policy servicing and track health parameters through this application. Through its diverse and evolving product suite and 'Niva Bupa Health' mobile application and website, the Company aims to provide customers access to a range of healthcare and disease management solutions.

Bupa offers health insurance, healthcare provision and aged services, and it has businesses around the world but, principally, in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Turkey, Brazil, Mexico, India, the US, Middle East and Ireland. Bupa also has an associate business in Saudi Arabia. With Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Limited as its Promoters, the Company is the only health insurance company in India majority controlled by a foreign global healthcare group.

NBHICL had 14.99 million active lives insured as of June 30, 2024. It is strategically focused on the retail health market and GWP from retail health products was 67.65% and 68.47% of overall GWP for the three months ended June 30, 2024 and Fiscal 2024, respectively. Its customer centric approach is driven by product innovation. It has demonstrated a track record of product innovation, launching products with "industry-first" features. It is focused on enhancing customer experience and promoting customer well-being through creating a "360-degree" health and wellness ecosystem platform through 'Niva Bupa Health' mobile application and website. Its

health and wellness ecosystem platform provides customers with a range of features to cater to their needs. This includes claims submission functions to submit reimbursement claims and track claims status and Network Hospitals locators, as well as a self-service section where customers can view and update their policy details and access their policy documents. The Company also provides access to holistic health management capabilities through its health and wellness ecosystem.

As of June 30, 2024, the Company had 152436 individual agents, 77 corporate agents, 486 brokers, 196 Insurance Marketing Firms, 5500 point of sales persons, 14 Web aggregators, and 210 physical branches. It had an employee strength of 8555 as of the said date.



Objects of Issue:

The Offer comprises the Offer for Sale and the Fresh Issue.

The Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion to the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale after deducting its proportion of Offer related expenses and relevant taxes thereon and in accordance with the Offer Agreement and Cash Escrow and Sponsor Bank Agreement. NBHICL will not receive any proceeds from the Offer for Sale. Further, the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

The Objects of the Fresh Issue

The Company proposes to utilize the Net Proceeds from the Fresh Issue, as per applicable IRDAI regulations, towards augmentation of its capital base to maintain and strengthen its solvency levels by investing in instruments and in the manner prescribed under the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 ("IRDAI AFIF Regulations") (the "Objects")

Competitive Strengths

Granular retail health insurer with a focus on delivering robust GWP growth, capital efficiency and profitability: NBHICL is the third largest and the second fastest growing SAHI in India based on overall health GDPI in Fiscal 2024, with a CAGR of 41.37% from Fiscal 2022 to Fiscal 2024. It had a market share in the Indian SAHI market of 17.29%, 16.24%, 15.58% and 13.87% for year-to-date August 2024 (Fiscal 2025), Fiscals 2024, 2023, and 2022 based on retail health GDPI. It has consistently narrowed the gap in scale from larger competitors, while widening the gap in scale from its smaller competitors in India from Fiscal 2022 to Fiscal 2024, in terms of retail health GDPI. Its focus on higher LTV and the higher margin products in the retail health line of business resulted in a contribution of 73.66% and 70.72% of its new retail health indemnity policies with sum insured of over Rs.1 million for the three months ended June 30, 2024 and Fiscal 2024, respectively. As a result, the average ticket size of policies sold has increased to Rs. 28,797.48 in Fiscal 2024 from Rs. 22,186.45 in Fiscal 2022, and further increased to Rs.30,419.06 million in the three months ended June 30, 2024. In line with the growth in the number of active lives insured at the end of the Fiscal by 102.06% to 14.73 million as at March 31, 2024 from 7.29 million as at March 31, 2022 and the growth in the number of policies sold by 53.75% to 1.95 million in Fiscal 2024 from 1.27 million in Fiscal 2022, it has also demonstrated the ability to increase its premiums due to its strategy of selling high-LTV products to high-LTV customers through targeted distribution channels. The number of active lives insured at the end of the period also increased by 55.99% to 14.99 million as at June 30, 2024 from 9.61 million as at June 30, 2023 and the number of policies sold increased by 25.19% to 0.48 million in the three months ended June 30, 2024 from 0.38 million in the three months ended June 30, 2023.

The Company's underwriting and analytics capabilities help it remain prudent on risk selection, price its products in a risk-based manner, drive upsell, cross-sell and customer retention, while seeking to ensure claims are in control. Additionally, its diverse distribution channels, including direct sales through website and other digital-related distributors, have contributed to the growth in GWP of a CAGR of 41.27% from Fiscal 2022 to 2024, has improved its operating leverage and helped lower Expense of Management as % of GWP to 39.31% in Fiscal 2024 and 41.23% in Fiscal 2023, from 42.55% in Fiscal 2022. For Fiscals 2022 to 2024, its profitability has also improved, and it had a profit after tax of Rs.818.52 million, Rs.125.40 million and a loss after tax of Rs.1,965.25 million for Fiscals 2024, 2023 and 2022, respectively. For the three months ended June 30, 2024 as compared to three months ended June 30, 2023, it had a loss after tax of Rs.188.21 million and Rs.721.98 million, respectively. Its loss after tax to GWP ratio was 1.29% for the three months ended June 30, 2024 as compared to a loss after tax to GWP ratio of 6.45% for the three months ended June 30, 2023, and its profit after tax to GWP ratio was 1.46% for Fiscal 2024 and 0.31% for Fiscal 2023, compared to a loss of 6.99% in Fiscal 2022 due to the second wave of COVID-19 in Fiscal 2022. Profit/(loss) after tax to GWP ratio is a non-GAAP measure. NBHICL has also achieved an increase in Assets Under Management to Rs.56,744.43 million as of June 30, 2024 from Rs.24,013.15 million as of March 31, 2022 and yield on total investment, which increased to 7.13% for Fiscal 2024, from 6.60% for Fiscal 2022 and increased to 7.58%⁴⁴ for the three months ended June 30, 2024 from 6.92%⁴⁴ for the three months ended June 30, 2023.

Customer centric proposition driving customer experience and retention: NBHICL has built a range of health insurance product offerings that seek to cater to all stages of the customer lifecycle. It identifies customer groups based on various parameters, including for example, age, income and health status. It strives to achieve the best customer-product fit based on these customer groups and the sales process. For example, one of its key products, "Reassure", is aimed at addressing health insurance needs for upper class / aspiring affluent customers as well as customers looking for wellness-focused products and offers add-on features such as "Booster+", which allows customers to carry forward the balance sum insured of up to 10 times of the base cover and is sold via a sales advisory process. Recently in December 2023, NBHICL launched its "Aspire" product to target Millennials (26 to 40 years old) and Generation Z (18 to 25 years old), which offers features tailored to target the distinctive needs of these demographics, such as "Lock the Clock" where the age of a person for premium calculation purposes is locked/fixed at the entry age until the time a claim is paid.



Its customer centric approach is driven by product innovation. It has demonstrated a track record of product innovation, launching products with “industry-first” features. Its “Reassure” and “Reassure 2.0” products are one of the leading health insurance products on the market with unique “industry-first” features such as (a) “2 Hours Hospitalization”, where all hospitalizations for 2 or more hours are covered, (b) “Lock the Clock”, where the age of a person for premium calculation purposes is locked/fixed at the entry age until the time a claim is paid, (c) “ReAssure Forever”, where the base sum insured can be carried forward after renewal and customers are entitled to two times sum insured post claim payment without any additional costs, and (d) “Extended Family First”, which provides the ability to add up to 19 extended family relations to the coverage plan

Through product innovation capabilities, the Company has developed products with selling propositions that has assisted to scale its business. From Fiscal 2022 to Fiscal 2024, its overall GWP grew at a CAGR of 41.27% and its GWP from retail health grew at a CAGR of 33.41%. From the three months ended June 30, 2023 to the three months ended June 30, 2024, its overall GWP grew at 30.84% and its GWP from retail health grew at 31.99%. The Company has developed a customer LTV-based approach towards new product creation, which leverages data analytics to determine LTV based on customer profile, claims experience, loss ratio assumptions, inflation, acquisition cost and risk perception. This has enabled it to not only innovate with new products targeted at specific customer groups but also map customer groups via its distribution channels and achieve favorable underwriting outcomes as a whole.

Technology-led automated approach to customer servicing: NBHICL has designed automated and digital self-serve capabilities aimed at enabling customers to benefit from a seamless, self-serve experience with minimal manual intervention. For the three months ended June 30, 2024 and Fiscal 2024, it had 99.94% and 99.95% of all of its new policies procured through direct sales and intermediated distribution channel being applied for digitally through its website and mobile applications, respectively. This is a testament to the evolving preferences of its customers to engage with it digitally instead of through traditional ways and its ability to adapt to the shifting trends of selling insurance and servicing customers. NBHICL has also sought to automate the underwriting decision workflow with its in-house developed auto-underwriting system, supported by features such as its in-house developed rule engine and reflexive underwriting questionnaire. For the three months ended June 30, 2024 and Fiscal 2024, 50.59% and 51.81%, respectively, of the retail policies on its platform are auto-decided without any human intervention.

The Company offers a host of self-serve options to its customers including chatbot on its website, Insta Assist, ‘Niva Bupa Health’ mobile application and interactive voice responses. These cater to general queries of its customers, with a transfer mechanism to its customer service representatives as needed. It has an established NPS process as part of its customer journey and it regularly upgrade its processes and digital assets based on NPS scores and AI enabled instant feedback. It has built a dedicated customer portal called ‘Insta Assist’ which is available on its website and on ‘Niva Bupa Health’ mobile application to provide customers instant access to its health insurance coverage details, the status of outstanding claims and other personalized information seeking to facilitate a seamless interface and efficient self-service for customers. NBHICL has also launched a conversational AI-driven chatbot named “Cia”, which has natural language processing and intent recognition capabilities, to support its customers.

NBHICL also provides AI-led automated services to further enable a seamless claims journey for its customers. Through its arrangements with Vitraya Technologies Private Limited, it has adopted auto-adjudication capabilities which processes cashless claims in a paperless manner with no or minimal human intervention to provide decisioning with a focus on accuracy and timelines. It was the first insurer in the industry to launch a national campaign on 30 minutes’ cashless claim processing and has continued to build capabilities that allow it to process its claims in-house and digitally. Its network of Network Hospitals has also played a role towards improving customer experience, by enabling cashless claims and offering better pricing and discounts for any uncovered portion of the medical expenses.

The Company is focused on enhancing customer experience and promoting customer well-being through creating a “360-degree” health and wellness ecosystem platform through its ‘Niva Bupa Health’ mobile application and its website. Its health and wellness ecosystem platform provides customers with a range of features to cater to their needs. This includes claims submission functions to submit reimbursement claims and track claims status and Network Hospitals locators, as well as a self-service section where customers can view and update its policy details and access their policy documents. It also provides access to its holistic health management capabilities through health and wellness ecosystem.

Bupa parentage and brand associated with health insurance and healthcare: Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Limited, its Promoters, are members of the Bupa Group. Through association with the Bupa Group, the Company has access to its international healthcare experience. Bupa maintains a domestic health insurance presence in the UK, Australia, Spain, Chile, Hong Kong SAR, Türkiye, Mexico and Brazil and via its associate business in Saudi Arabia and also offers international private medical insurance to customers across the world through its ‘Bupa Global’ businesses. Bupa’s focus on digital transformation is reflected by ‘Blua’, its digital health solution. ‘Blua’ gives access to virtual health appointments and preventative health coaching. Bupa’s global health insurance and healthcare experience has had a meaningful influence and impact on the Company in multiple areas, including:



Product Innovation: NBHICL is able to leverage Bupa’s experience in providing healthcare benefits to customers globally in its efforts to innovate new products.

Technical Support and Actuarial Insights: Bupa has provided with guidance in business processes, through its experience in seeking to institute best international practices. Its existing risk management and information security frameworks has been developed based on feedback received from Bupa.

Customer Centricity: It has developed a customer listening program based on Bupa's customer listening application, where each customer is surveyed about their experience after each service interaction, which helps identify key areas for improvement and put initiatives in place.

Localized Global Customer Solutions: ‘Blua’ is Bupa’s digital health solution. It has adapted and localized ‘Blua’ into the Indian context through its own digital healthcare ecosystem with a holistic proposition through features such as virtual consultations, health programs and remote healthcare.

Domain Knowledge and Experience in Claims and Provider Management: For Fiscals 2024, 2023 and 2022, NBHICL processed 100% of claims under its retail health products through its dedicated in-house claims team. Its claims management capabilities are equipped with a paperless digital claims submission system, end-to-end auto adjudication of claims for cashless claims, real-time fraud detection mechanisms using machine learning algorithms and a claims billing analytics tool that flags outliers and anomalies based on the treatment, provider category and location. It has demonstrated strong customer service metrics on claims, with a Claims Settlement Ratio of 91.93% and 90.53% for Fiscal 2024 and Fiscal 2023, respectively.

The Company use machine learning-based algorithms and logistics regression models to identify fraudulent claims. This has helped drive higher success on fraud detection and reduce investigation referrals, thereby reducing impact on the customer experience. Its machine learning-based predictive model is deployed in the claims process to score and identify claims with a high likelihood of fraud and abuse. Such claims are automatically pushed to a separate processing queue for higher scrutiny including field investigations, thus enabling early intervention and fraud avoidance. These capabilities have collectively helped it achieve a Claims Ratio of 64.03%, 65.44%, 59.02%, 54.05% and 62.12% for the three months ended June 30, 2024 and June 30, 2023, and Fiscals 2024, 2023 and 2022, respectively.

Through arrangements with Vitraya Technologies, NBHIL has also adopted an AI-driven claims auto-adjudication system. The key components of this system include document digitization, pre-defined medical protocols rules, tariff digitization and relevant policy rules. As of June 30, 2024, this system is deployed to process cashless claims. The auto-adjudication claims system seeks to improve accuracy through the use of AI, and has also reduced the processing time for pre-authorization of cashless claims from approximately 30 minutes when processed manually to less than a couple of minutes through the auto-adjudication claims system. The auto-adjudication claims system also assists it in its efforts to process cashless claims under its retail products in faster manner, increase operational efficiencies, reduce human error in information intake and intervention, promote cost-savings through accurate line item-wise tariff application and increase customer satisfaction.

NBHICL has also been expanding its Network Hospitals, which covers 10,426 hospitals across India as of June 30, 2024. It engages with its Network Hospitals to negotiate tariffs to manage its claims cost and enable customers to avail cashless claim facilities. Its arrangements with Network Hospitals include costs for procedures based on a pre-agreed tariff rate card, package rates for certain surgical procedures, and/or a percentage of discount on the cost of procedures for its customers, updated from time to time. Its Network Hospitals provide improved transparency of billing and negotiation of lower rates for procedures, thereby enhancing its ability to control claims. Its arrangements with Network Hospitals contribute to its aim to be highly customer centric, as they provide customers with benefits such as cashless claims, package rates for certain surgical procedures and medical management conditions and/or discounts on costs of procedures, room rent, drugs and other consumables or services. As such, NBHICL’s arrangements with Network Hospitals, including PPN Hospitals, enables it to better control its claims costs and manage increases in average claims size due to medical or economic inflation or other factors.

Multi-Channel Diversified Pan-India Distribution, with Technology-Led Empowerment of Distribution Partners: NBHICL has employed a multi-pronged approach towards its distribution strategy. Its distribution channels comprise (a) direct sales through employees, as well as online sales through website and ‘Niva Bupa’ mobile application and (b) intermediated sales through distributors. Its LTV-led approach towards business selection and underwriting seeks to build a sustainable portfolio via the preferred product-channel-customer strategy, by enabling it to strategically focus on products tailored to a particular customer as well as the appropriate channel to distribute such products. Its decision making on sales incentives, rewards and recognitions and commissions are also driven by this approach where it targets its efforts towards higher-LTV customers, in order to focus sales strategy at the policy and channel levels in a more efficient



manner. It has a diversified channel mix with corporate agents (banks and others), individual agents and broker channels contributing 27.25%, 32.07% and 27.04% respectively of its business by GDPI for Fiscal 2024 respectively, as compared to over 50% contribution of the individual agents channel to overall GDPI of SAHIs in Fiscal 2024.

The Company has grown its GWP from direct sales online channel, which increased to Rs.7,329.77 million in Fiscal 2024 from Rs.5,276.79 million in Fiscal 2022, and increased to Rs.1,992.25 million in the three months ended June 30, 2024 from Rs.1,699.82 million in the three months ended June 30, 2023, through continued investments in search engine optimization and marketing on its online platform as well as building hyper-personalized and event-based digital marketing capabilities. To support digital marketing efforts, it also seeks to provide its customers with an intuitive website and mobile application design to facilitate a smooth digital onboarding journey. Its user interface and user experience functions are built on a bespoke technology stack, with instant and zero-touch decisioning. It has also created technology-enabled, in-house CRM and dialler tools that carry out machine learning-based lead scoring and product recommendation, thus providing flexibility to its telemarketing sales team when introducing key product features, intended to drive lead conversions and reduce drop offs on its direct sales channel. It also partners with 14 web aggregators as of June 30, 2024 to distribute its products.

NBHICL's individual agency network has grown to 152,436 agents as of June 30, 2024 from 103,815 agents as of March 31, 2022. It had the second highest growth in the number of individual agents compared to other SAHI peers as of December 31, 2023, as compared to December 31, 2022. Its individual agency distribution channel is supported by its physical branch network of 210 physical branches as of June 30, 2024 and its e-agency model, which is used for locations where agents undertake business without a physical branch presence. Its e-agency model enables it to undertake remote onboarding and training of individual agents in a cost efficient and agile manner, which may increase its operating leverage and lower its Expense Ratio and enable it to reach a wider footprint to target a broader group of customers. It has also focused on strengthening its intermediated sales channel by building relationships with its corporate agents, primarily banks and NBFCs, as well as brokers and web aggregators. The number of its corporate agents has increased to 77 as of June 30, 2024, from 35 as of March 31, 2022. Partnerships with corporate agents such as banks and NBFCs has enabled to gain access to their customer base and branches across India, further widening the geographic scope of its business. To support corporate agents and brokers, it has built modular API integration designed to be customized to integrate with each of their respective core technology systems to facilitate a seamless customer onboarding journey for its distributors and promote ease of selling and increase sales.

Technology and Analytics Platforms: NBHICL's technology and analytics platforms are present across every aspect of its business, and form the bedrock of its day-to-day business from customer sourcing, onboarding and underwriting, payments, claims management and policy renewal. For the three months ended June 30, 2024 and Fiscal 2024, it had 99.94% and 99.95% of all of its new policies procured through its direct sales and intermediated distribution channel being applied for digitally, respectively, 88.69% and 81.27% of its claims submitted digitally, respectively, 86.26% and 85.39% of its renewals completed without human intervention, respectively, and 96.64% and 95.50% of the number of payments received were made digitally through its website and mobile applications, respectively. Its analytics platform is integrated and plugged into multiple partner platforms which provide it access to additional data repositories and the ability to carry out optimizations on underwriting and risk pricing.

NBHICL's in-house developed auto-underwriting system enables auto-underwriting on various sales platforms and has the capability to conduct both medical and non-medical rule underwriting through its rule engine. This technology incorporates elements such as a reflexive and contextually appropriate questionnaire to customers based on parameters such as health conditions, medical history, treatment history, current medication and personal habits. Based on the responses to the questionnaire, its underwriting system automatically carries out underwriting decision making with a wide range of decisions, ranging from standard acceptance for healthy individuals, and a range of risk adjustments including additional premium charges, permanent and time-bound exclusions and rejections. It also used technology and analytics during the customer renewal stage, where it uses a predictive machine-based learning model that utilizes unsupervised clustering techniques, which in turn uses algorithms to identify patterns within data sets, to predict the probability of customers who would allow their policies to lapse, and enables it to conduct targeted upsell and cross-sell marketing. It also considers factors such as credit score, income segment and LTV scores in determining the appropriate upsell and cross-sell marketing strategy.

Experienced Management Team Backed by Established Investors and Underpinned by Sustainable Employment Practices: NBHICL's leadership team includes experienced professionals from banking, financial services, insurance and consumer industries. Furthermore, in addition to its Promoters, Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Limited, which are members of the Bupa Group, it is also backed by its Promoter, Fettle Tone LLP, which is controlled by True North Fund VI LLP. It seeks to encourage a culture of continued product and technology innovation in its organization, which has helped it remain focused on identifying and addressing the ever-changing needs of its customers. NBHICL has helped it create a franchise of repute in the Indian health insurance industry. It has won several awards over the years, including the best standalone health insurer at the Mint BFSI Awards 2023. It was also recently recognized as one of the Best BFSI Brands 2024 by the Economic Times in March 2024, and were awarded "Best Claims Settlement" and 'Best Health Insurance Company of the Year' at the InsureNext Conference and Awards 2024 organized by Banking Frontiers in February 2024. The Company has also been certified as a Great Place to Work, for the fourth time in a row by the Great Place to Work Institute,



India and has also featured in the Best Workplaces in BFSI, in 2024, 2023 and 2022. This recognition reinforces its shared values and the positive culture it has cultivated together as an organization.

Business Strategy:

Continuing to grow product portfolio to serve the needs of customers, expand partnerships with Network Hospitals, and further develop healthcare ecosystem: NBHICL seeks to create a holistic, customer-centric health insurance platform and a healthcare ecosystem providing customers access to a range of facilities across wellness, doctor consultations, diagnostics and medicine delivery. It intends to continue investing in building and enhancing its healthcare insurance ecosystem through its own initiatives, such as additional health assessment tools and wellness content, and by collaborating with strategic partners such as for digital consultations and home delivery of medicines. It also plans to expand the coverage of services offered to its customers under health ecosystem platforms, such as health check-ups and medicine delivery, to new geographies and deepen its presence in its existing geographies in India. Product innovation has been a key focus area and driver of NBHICL's growth in the past and it plans to continue this strategy going ahead. Its product portfolio is a cornerstone of its value proposition to customers. The Company has delivered many "industry-firsts" in terms of product innovation in the Indian health insurance industry, and it intends to continue leveraging on its understanding of the changing medical needs of its customers', its own and Bupa's experience in health insurance, medical care and healthcare services, and its product-focused innovation capabilities to consistently deliver on product innovation. NBHICL also intends to expand its relationships with Network Hospitals across India to provide customers with access to such providers, as well as the number of Network Hospitals available in a particular town or city, to provide its customers with a wider range of options.

Continue to invest in technology and analytics to facilitate the sales and servicing of products: NBHICL's technology stack is central to its continued success and serves as a key enabler across all aspects of its operations, including customer acquisition, underwriting and claims adjudication. One of the key drivers and enablers for growth of India's health insurance industry is the development of a digital-first ecosystem, and technology has improved customer experience across the value chain through online purchase channels, AI or machine learning models for specialized underwriting, identifying fraudulent claims, and expediting processing times. Accordingly, it intends to continue deploying the latest technology in its core operations, while also instituting and growing its data analytics and AI capabilities.

Further expand presence in existing geographies within India, invest in deepening distribution channels and increase market share in retail health insurance: NBHICL aims to continue to increase its presence across India and acquire new customers by growing and diversifying its offline distribution footprint through its distributors such as corporate agents, individual agents and brokers. It intends to continue to grow its market share by setting up new physical branches in new districts in existing geographies and strengthening its presence in existing geographies by seeking ways to expand its existing physical branches to accommodate more individual agents. Going forward, NBHICL intends to expand its physical presence in smaller towns and Tier-2 cities, while also expanding its distribution reach to newer customer segments. It also intends to continue to expand its digital presence through increasing the number of web aggregators, digital brokers and direct-to-customer initiatives. It intends to continue to improve on its existing technology infrastructure to support its agents, as well as seek new ways to engage with them and support them. As the Company expands geographically, its aim is to continue to focus expansion efforts on growing the scale of its retail health insurance business across the country.

Continue to invest in talent recruitment, development and retention to drive execution: Employees of NBHICL have been a driver of its historical growth and performance and they will be instrumental in executing its future strategies. It has put in place processes for the recruitment, development, retention and growth in the capabilities of its workforce, such as engagement with campuses for hiring of future managerial talent and growing its in-house management team through a talent academy among others. In the future, it will strive to continue to invest in employee management practices.

Deepen culture of sustainability and "doing the right thing" to create a sustainable health franchise for future generations: NBHICL has shaped its company culture to instill a strong sense in its employees towards "doing the right thing" at all times. Its culture is strongly focused on driving sustainability in all aspects of its organization, to ensure that its growth does not compromise customer service and come at the cost of profitability. It intends to continue to deepen and embed this culture of sustainability aimed at creating a valuable health insurance franchise, and which benefits its customers, partners, intermediaries and employees. It also intends to continue to seek ways to incorporate ESG good practices into its business in accordance with its ESG policy.

Industry Overview

India's insurance landscape

Insurance in India is expected to grow rapidly across both life and non-life

India exhibits significantly lower insurance penetration (measured by the total Gross Written Premium as a % of GDP) when compared to developed global economies. As of FY23, insurance penetration in India was 4.0%, with life insurance contributing 3.0% and non-life insurance contributing 1.0%. The global average in CY23 for life insurance stood at 2.9% and non-life at 4.2% based on Insurance



Regulatory and Development Authority of India's ("IRDAI") report. Insurance penetration in India has increased from 3.7% in FY18 to 4.0% in FY23. There has also been a substantial increase in insurance density, which is calculated as premium per capita. It has increased from INR 6,059 (USD 73) in FY18 to INR 7,636 (USD 92) in FY23 as per IRDAI's report. As per Redseer estimates, insurance density is expected to reach ~ INR 7,719 (USD 93) by FY24 driven by factors such as rising incomes, increasing insurance awareness, government initiatives to promote insurance adoption and increasing healthcare costs.

Government initiatives have helped drive insurance penetration

The Indian government has actively pursued initiatives to increase insurance penetration in the country. Few key initiatives include:

Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): Launched in 2015, PMSBY and PMJJBY are low-cost term life and accident insurance schemes. Both schemes have been instrumental in fostering financial inclusion by offering straightforward, cost-effective insurance options to a vast population, particularly those who might not have otherwise considered insurance coverage.

Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY): Launched in 2018, AB-PMJAY represents a major step towards enhancing healthcare coverage in India. This ambitious health insurance scheme aims to provide financial support for vulnerable families by offering coverage for hospitalization expenses up to INR 0.5 Mn. AB-PMJAY focuses on ensuring that no family faces financial distress due to high medical costs, thereby contributing to increased health insurance penetration.

Beyond this, there are a variety of state-led health insurance schemes such as Awaz Health Insurance Scheme (Kerala), Bhamashah Swasthya Bima Yojana (Rajasthan), Mahatma Jyotiba Phule Jan Arogya Yojana (Maharashtra), etc.

IRDAI has also introduced several regulatory initiatives to drive insurance penetration by empowering the citizens and policyholders:

Fostering ecosystem: IRDAI is making a big push to modernize the insurance industry. They're focusing on three key areas to create a more efficient and accessible system. First, they're simplifying regulations, making it easier for companies to navigate the insurance landscape. Second, they're adopting principle-based regulations, which provide clear guidelines without being overly restrictive. This allows insurers more flexibility to develop innovative products. Finally, they're implementing EOM (Expenses of Management) regulations, which help control operational costs and ensure insurers are using their resources effectively.

Insurance for all by 2047: "Insurance for All by 2047" aims to ensure every citizen has life, health, and property insurance protection. To achieve this, IRDAI is promoting microinsurance products for low-income groups, working with the government on social welfare schemes like PMJAY for health insurance, and facilitating financial inclusion by linking insurance with existing programs. These efforts are expected to raise awareness about insurance in the market. Additionally, IRDAI is pushing for standardized insurance plans for easier comparison and supporting the use of technology to streamline processes and make insurance more accessible in rural areas.

Open architecture: In the open architecture model, Corporate Agents and banks have been allowed to tie-up with 9 life insurers, 9 non-life insurers, and 9 Standalone Health Insurers (SAHIs) to distribute their insurance products. This would enable greater insurance penetration through increased choice and flexibility to the customers, and lower distribution costs enabling competitive pricing.

Bima Sugam: Bima Sugam is an online interoperable platform, functioning as Digital Public Infrastructure ("DPI"), akin to UPI, for the integration of all insurance services. The online portal will empower all insurance stakeholders by facilitating purchase, sale, settlement of insurance claims, changing of Agents, and grievance redressal, among other services. All insurance companies are to join this proposed platform. Bima Sugam is part of the larger Bima Trinity scheme which includes Bima Vahak and Bima Vistaar. Bima Vahak proposes a women-centric insurance distribution channel and foster greater trust in rural India. Bima Vistaar is designed to be an all-in-one affordable insurance product, offering life, health, and property cover.

IRDAI regulatory sandbox: This framework allows companies to experiment with new insurance products and services in a controlled environment with real customers. Previously, this testing period was limited to 6 months. Recognizing the need for more in-depth analysis, IRDAI has increased the maximum experiment period to 36 months. This extended timeframe gives companies the flexibility to gather valuable data on customer response, market fit, and potential risks associated with their innovative ideas. This ultimately allows IRDAI to make more informed decisions about integrating these new offerings into the wider insurance market while ensuring customer protection.

Furthermore, the government & IRDAI have implemented several digital enablers to facilitate seamless access to insurance policies and streamline the claims process:



DigiLocker: IRDAI is enabling issuance of insurance documents through DigiLocker. With digital policy copies, policyholders can access their insurance documents conveniently and instantaneously.

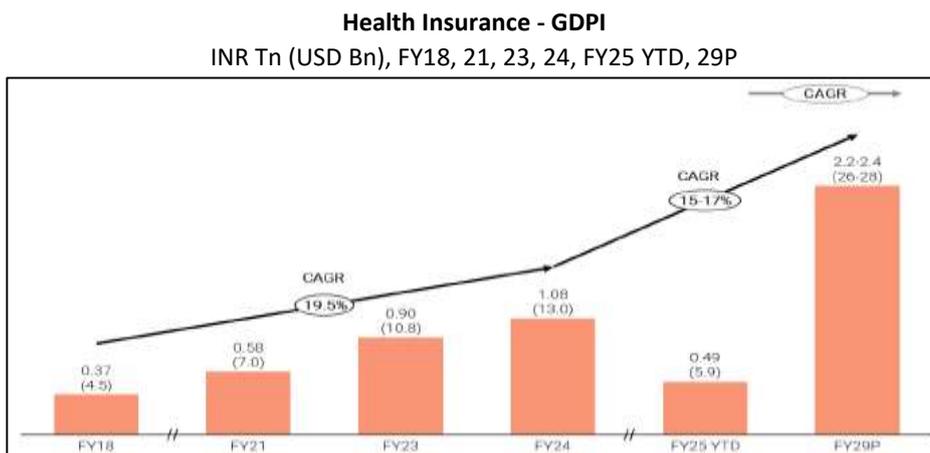
National Health Claims Exchange (“NHCX”): NHCX is a joint initiative between NHA (National Health Authority, GOI) and IRDAI for the standardization and interoperability of health claims through open digital protocols. NHCX will enable seamless data transfer between the policyholder, insurance ecosystem, and hospitals. This will streamline the claims process, expediting processing time, while reducing fraudulent claims.

Other strategic initiatives: Several other strategic initiatives have also been implemented to increase accessibility and transparency. This includes the implementation of digital contracts, which streamline policy documents and makes them more accessible for customers. Additionally, mandating e-KYC procedures simplifies customer onboarding and verification, creating a faster and more efficient experience. These digitalization efforts aim to enhance convenience and transparency for both insurance companies and policyholders.

These initiatives are expected to enhance access to insurance among citizens, fostering greater financial security and empowering individuals with the means to safeguard their assets and livelihood. Furthermore, as disposable income increases, demand for private insurance will also increase as consumers are likely to seek out comprehensive coverage. This will fuel the demand for various private insurance products, ranging from life and health insurance to property and casualty coverage.

Health insurance premiums are expected to reach ~INR 2.4 Tn by FY29

India’s health insurance sector has witnessed rapid growth since FY18. The health insurance GDPI has more than doubled from INR 0.37 Tn (USD 4.5 Bn) in FY18 to INR 1.08 Tn (USD 13.0 Bn) in FY24, growing at a CAGR of 19.5%. As per Redseer estimates, total health GDPI is expected to reach INR 2.2-2.4 Tn (USD 26-28 Bn) by FY29.



Key drivers and enablers for growth of India’s health insurance industry

Regulatory and government support – IRDAI is enhancing health insurance growth through supportive initiatives like Insurance for all by 2047, Bima Sugam, IRDAI Regulatory Sandbox. AB-PMJAY scheme, covering diverse medical treatments, has significantly contributed to achieving universal health coverage, especially for rural India and the underprivileged sections. These government-sponsored initiatives underscore the commitment to social security and financial well-being for citizens across different economic strata. Additionally, employer-provided insurance to employees further contributes to this collective effort towards comprehensive healthcare coverage.

New and specialized insurers – IRDAI is encouraging supply-side offerings through approvals of new license and product offerings. This is expected to expand the market by targeting new customer segments.

Evolving healthcare landscape – The fast-developing healthcare landscape in India serves as a significant catalyst for the growth of health insurance. As specialized and high-quality healthcare infrastructure expands, healthcare costs will also grow. In this context, health insurance will play a crucial role in safeguarding household wealth.

Demand-side: increasing awareness for health – Covid-19 pandemic has brought about a significant shift in awareness about health, well-being, and the importance of financial protection against unexpected medical expenses, driving the demand for health insurance.

Development of digital-first ecosystem – Digital enablement across insurance value-chain has streamlined the insurance process. Technology has improved customer experience across the value chain through online purchase channels, AI/ML (Artificial Intelligence/Machine Learning) models for specialized underwriting, identifying fraudulent claims, and expediting processing times.



India’s healthcare trends are supporting need for health insurance

Rising healthcare expenditure

The current health expenditure (“CHE”) of India as a percentage of its GDP is lower than other larger and comparable economies. CHE includes all healthcare goods and services consumed annually, barring capital expenditure such as buildings, machinery, IT, and stocks of vaccines for emergency or outbreaks. In CY21, India’s CHE was about 3.3% of its GDP. For comparison, in other developed and emerging economies such as the USA and China, it was 17.4% and 5.4% of their respective GDPs.

Threat and challenges for the health insurance industry:

Health insurance companies navigate a complex landscape that is filled with many challenges. Understanding and effectively addressing these challenges is crucial for the sustained growth and success of the industry in India. Below are few of these challenges:

Rising healthcare costs: The escalating costs of medical treatments and procedures directly affect the claim amounts faced by health insurance companies. This places considerable financial pressure on insurers, as they must balance their payout obligations while maintaining profitability.

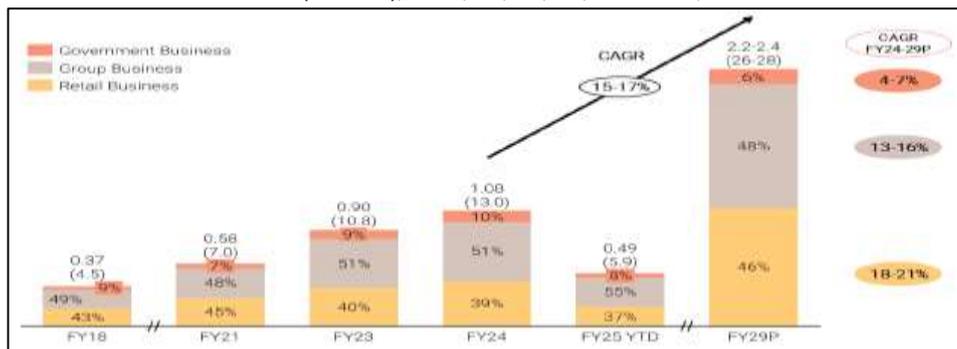
Fraudulent claims: Health insurance companies often encounter instances of fraudulent claims, where policyholders submit false claims or inflate medical expenses. These fraudulent activities result in substantial financial losses for insurers and threaten the integrity of the insurance system.

Regulatory compliance: Health insurance companies operate within a highly regulated environment and must continuously adapt to changes in regulations and compliance requirements. The dynamic nature of regulatory changes can impose a significant administrative burden on insurers. Staying updated with evolving regulatory frameworks is essential to avoid penalties and maintain operational efficiency.

Standardization issues: Variability in healthcare standards and practices across different regions. Furthermore, there is uneven distribution of healthcare facilities across rural and urban areas in India affecting the accessibility and utilization of health insurance. Such variations pose challenges for health insurance companies in standardizing insurance policies and coverage. Health insurance companies need to establish networks of healthcare providers that meet quality standards and offer consistent levels of care.

Cybersecurity risks: As insurers increasingly rely on digital platforms for their operations, they face heightened risks of data breaches and cyberattacks. Protecting sensitive customer information and maintaining robust cybersecurity measures is paramount to safeguarding the integrity and trustworthiness of health insurance services.

Health insurance GDPI – split by category of business
INR Tn (USD Bn), FY18, 21, 23, 24, FY25 YTD, 29P



The Group health insurance market in India has seen significant expansion and increased at a CAGR of 20.21% from Fiscal 2018 to Fiscal 2024, outpacing the retail health insurance sector’s growth rate of 17.75% during the same period. The group health insurance market in India has seen significant growth, increasing from INR 0.21 trillion (USD 2.55 Bn) in FY18 to INR 0.66 trillion (USD 7.90 Bn) in FY24. The group health insurance GDPI in India Aug’FY25 stands at INR 0.31 billion (USD 3.70 Bn).

The growth of group health insurance in India is driven by multiple factors. Regulatory support and initiatives like Ayushman Bharat Yojana have expanded coverage adoption, while tax incentives make it financially advantageous for employers. Corporates are increasingly recognizing the importance of health insurance for attracting and retaining talent. Furthermore, the development of innovative products for small SMEs, covering even four employees, further boosts gross premiums. Additionally, an expanding workforce, increasing healthcare awareness, and urbanization are promoting the growth of group health insurance.



Retail health insurance is the most promising business segment in the health insurance industry in India

Retail health insurance is expected to grow at a fast pace

Retail health insurance currently accounts for ~39% of the overall health insurance for FY24, having grown at a CAGR of 17.7% between FY18 and FY24. Going forward, it is expected to grow at a CAGR of 18-21% over the next 5 years to reach approximately INR 1.0-1.1 Tn (USD 12-13 Bn) by FY29. The retail health insurance segment is the most promising segment in the health insurance industry in India as of March 31, 2024, due to higher average premium per life, higher renewal rates and lower Combined Ratios as compared to group health insurance.

Lives insured under Retail health insurance increased from 33.3 Mn to 52.9 Mn between FY18 to FY23. It is expected to grow at a CAGR of 10-12% from FY23 to FY29 to reach 90-100 Mn lives by FY29. Retail health insurance is also subject to seasonal fluctuations in product mix, operating results, and cash flow. The sale of retail health insurance products increases in the last quarter of each fiscal year to take advantage of income tax benefits available to customers.

Average premium for Retail health is the highest

Retail health insurance has witnessed an increase in average premium paid per life from INR 4,758 in FY18 (USD 57.3) to INR 6,700 (USD 80.7) in FY23 and has consistently remained higher than Group business (including Government) whose average premium per life has increased from INR 472 (USD 5.7) in FY18 to INR 1091 (USD 13.2) in FY23. The higher average premium per life in Retail health insurance premiums can be attributed to the expansion of coverage options and the introduction of innovative & additional features in product offerings such as wellness programs, telemedicine services, and coverage for specific critical illnesses. These added features enhance the overall value proposition of Retail health insurance and justify the higher premiums, as policyholders recognize the comprehensive protection and additional perks that come with the plans.

Retail health insurance has consistently shown better profitability

Retail health insurance is relatively more profitable than Group health insurance because of better underwriting due to deep customer segmentation and innovative product bundling. This results in greater risk and price control in Retail business, unlike Group business, which is traditionally more inflexible. Consequently, claims are more favorable for Retail business compared to Group business.

This is evidenced by a lower Claims Ratio for Retail business at 76% compared to 97% for Group business in FY23. Although in FY22, both Retail and Group businesses observed a spike in Claims ratio on account of the Covid-induced health claims, the Claims Ratio for Retail remained under 100%.

SAHIs are expected to show high growth over next 5 years

SAHIs are expected to reach ~3-3.5x of their current GDPI by FY29

SAHIs GDPI has already quadrupled in last 6 years and is expected to reach INR 0.7-0.9 Tn (USD 8.7-10.6 Bn) growing at a CAGR of 25-30% from FY24 to FY29. Their focus on health products allows for innovation and a wider range of offerings. Additionally, increased focus on tier II+ markets (cities/areas with population below 2 million), tie-ups with new Banca partners and stronger emphasis on digital sales will further add to the growth.

Contribution of Corporate Agents (Bancassurance + Others) led distribution is increasing

Over the years, SAHIs' distribution network has been dominated by Individual Agents and Direct Sale channels. The contribution of Individual Agents has decreased from 60% in FY18 to 54% in FY24. To tap into new customer segments, SAHIs are investing on alternative channels especially Corporate Agents and Brokers. The contribution of Corporate Agents increased from 10% to 15% from FY18-24, while that of Brokers increased from 14% to 21%.

Average GDPI has increased for majority of channels

Average GDPI through Individual Agents is still growing, despite contributing the largest share to SAHIs GDPI. The average premium generated through the Corporate Agents and Direct Sale channel has grown fastest during the FY18-24 period.

Niva Bupa growth in overall health GDPI from FY23 to FY24 is almost double of the industry average

"The New India Assurance" is the largest company in the health insurance sector with INR 183.14 Bn GDPI in FY24, followed by Star Health with INR 150.34 Bn GDPI in FY24. In FY24, Niva Bupa posted a growth of 41.37% from FY2022 to FY2024, one of the highest growths amongst SAHIs, second only to Aditya Birla at 47.59%. This resulted in an increase in the market share of Niva Bupa from FY23 to FY24 by 0.65 percentage points. Niva Bupa is India's 3rd largest and 2nd fastest growing SAHI based on Overall Health GDPI of INR 54.94 Bn in



Fiscal 2024, which grew at a CAGR of 41.37% from: Fiscal 2022 to 2024. Also, Niva Bupa growth in overall health GDPI from Fiscal 2022 to Fiscal 2024 of 41.37% is one of the highest growths among SAHIs, and is almost double of the industry's average, which increased by 21.42% from Fiscal 2022 to Fiscal 2024.

Indian insurance companies see a rise in foreign investments

The insurance regulator, IRDAI, has set a policy that permits up to 74% foreign investment in Indian insurance companies. This significant level of foreign direct investment (FDI) is designed to attract international capital and expertise into the Indian insurance market. As a result of this policy, many non-life insurers and SAHIs have entered into partnerships with foreign entities. These collaborations are mutually beneficial as foreign partners bring much-needed capital, which enhances the financial stability and growth potential of Indian insurance firms. Additionally, they provide advanced expertise and best practices developed in more mature markets, which can improve the quality and efficiency of services offered by Indian insurers.

Niva Bupa with Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Limited as promoters of Niva Bupa, is the only health insurance company in India majority controlled by a foreign global healthcare group. Established in 1947, Bupa is an international healthcare organisation serving over 50 million customers worldwide¹, as of 31 December 2023. With no shareholders, it reinvests profits into providing more and better healthcare for the benefit of current and future customers. Bupa offers health insurance, healthcare provision and aged services. It has businesses around the world but, principally, in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Türkiye, Brazil, Mexico, India, the US, Middle East and Ireland. Bupa also has an associate business in Saudi Arabia.

Bupa's health insurance business accounts for a major part of Bupa's business. Bupa maintains a domestic health insurance presence in the UK, Australia, Spain, Chile, Hong Kong SAR, Türkiye, Mexico, India and Brazil, and via associate business in Saudi Arabia and offers international private medical insurance to customers across the world through Bupa Global. Furthermore, Niva Bupa is also backed by Fettle Tone LLP, an entity controlled by True North Fund VI LLP.

Key Concerns

- Profitability depends on the ability to manage underwriting risks and appropriately price of the products and any failure to accurately estimate medical expenses or the frequency of claims could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- As a significant portion of the business is generated from the health insurance line of business, any adverse changes to the demand for health insurance products and the retail health insurance sector may affect the sale of its health insurance products and in turn the business and profitability.
- If NBHICL fails to align its products, including in particular, its retail health insurance products with the needs of targeted customer demographics or if NBHICL is unsuccessful in its product development strategy, its business could be materially and adversely affected.
- The Company is subject to extensive supervision and regulatory inspections (onsite and offsite, thematic or otherwise) by IRDAI and any regulatory and statutory actions against it or its distributors could cause reputational harm and have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.
- The success of business depends on the ability to attract and retain, as well as obtaining timely approvals from IRDAI with respect to, its senior management and employees in critical roles, and the loss of their services could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- Dependent on intermediated distribution channels, particularly individual agents, corporate agents and brokers, and if NBHICL is unable to develop and grow its network of distributors or attract, retain and incentivize its distributors, it could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- The Company has incurred losses in Fiscal 2022 and the three months ended June 30, 2024 and June 30, 2023 and may not be able to maintain its profitability in the future, which could adversely affect the operations and financial condition and the trading price of the Equity Shares.
- Failure to accurately and timely pay claims could lead to customer dissatisfaction and result in regulatory actions or penalties, which could materially and adversely affect the business, financial condition, results of operations, cash flows and prospects.



- The Company may be unable to obtain reinsurance on a timely basis at reasonable costs and could be exposed to credit risks in its reinsurance contracts, including with General Insurance Corporation of India (“GIC Re”).
- If NBHICL fails to develop and maintain satisfactory relationships with Network Hospitals, it may not be able to continue to offer cashless claims to its customers and its ability to effectively manage claims costs may be adversely affected.
- GWP contribution from group health policies has increased over the last three Fiscals and the three months ended June 30, 2024. Any adverse changes to the demand for its group health policies could have a material adverse effect on its business, financial condition, results of operations, cash flows and prospects.
- The Company is reliant on its information technology systems, and any cyberattacks or other security incidents could have a material adverse effect on its business, financial condition, results of operations, cash flows and prospects.
- If NBHICL does not meet certain mandatory ratio requirements including with respect to its Solvency Ratio and investment asset allocations, it could be subject to regulatory actions by IRDAI and could be forced to stop transacting any new business or change its business strategy.
- NBHICL’s Credit and liquidity risks related to investments and day-to-day operations may expose NBHICL to significant losses.
- The Company operates in a highly competitive, evolving and rapidly changing industry and if it cannot effectively respond to increasing competition, its results of operation and market share could be materially and adversely affected.
- Dependent on the strength of brand and reputation, as well as the brand and reputation of Bupa and other entities of the Bupa Group, and any adverse impact on the reputation and brand as well as those of Bupa could materially and adversely affect the business, financial condition, results of operations, cash flows and prospects.
- NBHICL is required to maintain expenses at certain levels in order to maintain profitability and to comply with IRDAI regulations.
- Loss reserves are based on estimates of future claims liabilities, which if proved inadequate could lead to further reserve additions and adversely affect results of operations.
- NBHICL’s listed peers may outperform it in certain financial and operational ratios, and any failure to improve such ratios may adversely affect the competitive position.
- Any increase in or materialization of contingent liabilities could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- NBHICL may not be able to obtain sufficient financing to fund the expansion and development of the business.
- A downgrade of or the announcement of a negative outlook with respect to subordinated debt rating could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- Depend on the accuracy and completeness of information provided by or on behalf of its customers and counterparties, and any inability to verify and ensure the accuracy and completeness of such information may subject it to fraud, misrepresentation and other similar risks, which could adversely affect its business, financial condition, results of operations, cash flows and prospects.
- Rely on third party technologies that are critical to its business and any inability to continue to use such technologies could have a material adverse impact on the business, financial condition, results of operations, cash flows and prospects.
- Rely on third-party contractors and service providers for a number of services, but NBHICL cannot guarantee that such contractors and service providers will comply with relevant regulatory requirements or their contractual obligations.
- The success and growth of business depends upon the ability to adapt to technological changes, including artificial intelligence, and any inadequacies in information technology systems could adversely affect the ability to maintain or increase its business volumes, profitability and market share.



- NBHICL is subject to customer complaints, which, if left unaddressed or inefficiently handled, may have a material adverse impact on the Company.
- Pandemics, such as COVID-19, and other catastrophic events, such as natural disasters, could materially increase the liabilities for claims by policyholders, result in losses in investment portfolios, and have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- Business is subject to a variety of laws and regulations and any failure to maintain licenses or any changes in applicable laws and regulations could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- Data collection and storage are increasingly subject to legislation and regulations in various jurisdictions and governments are increasingly acting to protect the privacy and security of personal information
- Any failure to protect or enforce rights to own or use trademarks, brand names, identities or any disputes relating to NBHICL’s use of intellectual property of third parties could have an adverse effect on thr business and competitive position
- Bupa Singapore, one of its Promoters will continue to retain significant shareholding in the Company after the Offer, which will allow them to exercise influence over it.
- There are operational risks associated with the health insurance industry which, when realized, may have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- The rate of growth of the Indian insurance market has been volatile and may not be as high or as sustainable as NBHICL anticipates.
- The insurance sector is subject to seasonal fluctuations in operating results and cash flows.
- Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects.
- Business is substantially affected by prevailing economic, political and other prevailing conditions in India and regional and global economic and market conditions.
- A downgrade in ratings of India may adversely affect the business and results of operations.
- Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of its operating results.

Profit & Loss

Particulars (Rs in million)	Q1FY25	FY24	FY23	FY22
Operating Profit/(Loss)				
Miscellaneous Insurance	232.3	1880.3	3509.4	457.4
Income From Investments				
Interest, Dividend and Rent – Gross	459.6	1336.9	540.8	375.4
Profit on sale of investments	20.4	32.6	14.3	9.4
Amortisation of Premium/Discount of investments	6.9	6.0	4.5	-9.4
Other Income				
Gain/(Loss) on Foreign Exchange Fluctuation	-0.4	-1.6	-0.1	-1.3
Interest Income on fixed deposits	1.1	9.1	7.8	2.1
Provisions written back	6.5	24.1	54.0	71.1
Total	726.3	3287.3	4130.7	904.8
Provisions (Other than Taxation)				
For diminution in the value of investments	0.0	0.0	0.0	-199.8
For doubtful debts	8.3	18.1	10.3	221.7
Other Expenses				
Expenses other than those related to Insurance Business				
(i) Director’s sitting fees	1.6	5.5	5.3	6.6
(ii) Others	0.0	1.3	41.3	34.7



Interest on subordinated debt	66.7	267.5	267.5	65.2
Towards Excess Expenses of Management	837.9	2164.5	3641.6	2717.2
Towards remuneration of MD/CEO/WTD/Other KMPs	0.0	11.8	39.3	24.4
Total	914.5	2468.7	4005.3	2870.0
Profit/(Loss) After Tax	-188.2	818.5	125.4	-1965.3

Balance Sheet

Particulars (Rs in million) As at	Q1FY25	FY24	FY23	FY22
Sources of Funds				
Share Capital	17,001.2	16,995.4	15,106.8	14,086.0
Share application money pending allotment	27.9	1.9	0.0	0.0
Reserves and Surplus	12,824.4	12,820.2	3,342.6	1,254.0
Shareholder's Fund	-24.1	8.3	-33.6	-20.0
Policyholder's Fund	23.0	0.4	3.2	0.1
Borrowings	2,500.0	2,500.0	2,500.0	2,500.0
Total	32,352.5	32,326.2	20,918.9	17,820.1
Application of Funds				
Investments – Shareholders	25,896.6	25,854.7	11,554.5	8,696.2
Investments – Policyholders	30,847.8	28,727.6	22,106.5	15,317.0
Loans				
Fixed Assets	556.5	588.1	555.8	496.8
Current Assets:				
Cash and Bank Balances	1,012.6	1,428.2	1,018.6	588.1
Advances and Other Assets	7,107.1	5,320.1	3,530.3	2,286.3
Sub-total	8,119.7	6,748.3	4,548.9	2,874.4
Current Liabilities	18,949.4	16,637.2	11,844.0	8,910.9
Provisions	23,626.6	22,274.9	16,141.0	10,916.9
Sub-total	42,576.1	38,912.2	27,984.9	19,827.8
Net Current Assets	-34,456.4	-32,163.9	-23,436.0	-16,953.4
Debit Balance in Profit and Loss Account	9,507.9	9,319.7	10,138.2	10,263.6
Total	32,352.5	32,326.2	20,918.9	17,820.1

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