



STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

IPO NOTE

ISSUE KEY HIGHLIGHTS

PRICE:	Rs.870– Rs.900	ISSUE OPENS:	30 th Nov 2021
ISSUE SIZE:	Rs.7249 crores	ISSUE CLOSE:	02 nd Dec 2021

Particulars	No of Shares at lower Price band	No of Shares at higher price band	%age	Higher band Amount	Lower band Amount
				(`Cr)	(`Cr)
QIB	60,122,480	59,576,503	75%	5,361.89	5,230.66
NIB	12,024,495	11,915,300	15%	1,072.38	1,046.13
Retail	8,016,330	7,943,533	10%	714.92	697.42
Employee	1,265,822	1,219,512	-	100.00	100.00
Total Issue			100%	7,249.18	7,074.21

Employee Discount Rs. 80 Per share

Issue Details:	
Industry	Health Insurance
Promoters:	RAKESH JHUNJHUNWALA, SAFECROP INVESTMENTS INDIA LLP AND WESTBRIDGE AIF-I
Capital Structure:	
Fresh Issue (@Higher Band)	Rs.2000 Cr
Offer for Sale (@Higher Band)	Rs.5249 Cr
Total Issue as % of total capital (Post-Issue) (@Higher Band)	13.99%
Post Issue No. of Shares @ Higher Band (Cr.)	57.6
Post Issue Market Cap @ Higher Band (Rs. Cr.)	51806
Face Value	Rs.10
Issue Route	Book Build Issue
Bid Lot (Shares)	16
Lead Managers	Kotak Mahindra Capital, BofA Securities India, Citigroup Global, ICICI Securities, CLSA India, Credit Suisse Securities, Jefferies India, Ambit Pvt Ltd, DAM Capital, IIFL Securities, SBI Capital Markets
Registered Office	Chennai
Registrar	KFin Technologies Private Limited
Listing	BSE and NSE
Key Investment Details for Retail Investors: (UPI or ASBA)	
Min No. of Shares application	16
Amount on the Min. Application (Rs.)	14400

An Indicative timetable post issue closing:

Particulars	On or about
Finalization of Basis of Allotment	07 th Dec 2021
Refunds/un-blocking of ASBA Accounts	08 th Dec 2021
Credit of Equity Shares to DP Ac	09 th Dec 2021
Trading Commences	10 th Dec 2021

Shareholding %:

Particulars	Pre-Issue	Post Issue
Promoters	62.75	55.1
Promoter Group	3.47	3.32
Public	33.78	41.58
Total	100	100

Objects of the Offer:

Objects	Amt (Rs.Cr)
• Augmentation of capital base and maintenance of current solvency levels	[.]
• General Corporate Purposes	[.]
Total	[.]

Business Overview:

- Star Health and Allied Insurance Company Limited ("Star Health") was incorporated on June 17, 2005. Star Health is and continues to be the largest private health insurer in India with a market share of 15.8% in the Indian health insurance market in Fiscal 2021. In Fiscal 2021 and the 6 months ended September 30, 2021, they had total Gross Written Premium ("GWP") of ₹9,348.95 crore and ₹5,069.78 crore, respectively.
- From being the first Standalone Health Insurance ("SAHI") company established in India in 2006, they have grown into the **largest SAHI Company in the overall health insurance market in India**. They offer a range of flexible and comprehensive coverage options primarily for retail health, group health, personal accident and overseas travel. Their comprehensive health insurance product suite insured 2.05 crore lives in Fiscal 2021.
- They are strategically focused on the retail health market segment and had retail health GWP of ₹8,215.09 crore and ₹4,339.92 crore in Fiscal 2021 and the 6 months ended September 30, 2021, respectively.
- Star Health distributes their health insurance policies primarily through individual agents, which accounted for 78.9% of their GWP in Fiscal 2021. As of March 31, 2021, they had the largest number of individual agents among SAHI insurers, at Approx. 3 times that of the SAHI Company with the next highest number of agents.
- They have also successfully built one of the largest health insurance **hospital networks in India, with more than 11,778 hospitals** as of September 30, 2021. Out of the total number of hospitals in their network, they have entered into pre-agreed arrangements with over 7,741 hospitals, or 65.7%, of the total number of hospitals in their network.
- As of September 30, 2021 their distribution network had grown to **779 health insurance branches** spread across 25 states and 5 union territories in India. Their existing branches are also supplemented by an extensive network of over 562 Sales Managers Stations ("SMS") and over 6,892 in-house sales managers.
- They also engage with their customers through their in-house tele-medicine service, **TALK TO STAR**, including omni-channel applications, **STAR ATOM** and **STAR POWER**.

Brief Financial Details*:

Particulars (Rs. In Cr.)	As at Sep' 30,		As at Mar' 31,		
	2021(06)	2020(06)	2021(12)	2020(12)	2019(12)
Equity Share Capital	553.29	490.64	548.09	490.64	455.58
Share Application Money	-	-	-	-	350
Reserves as stated	3,765.17	1,352.33	3,675.79	1,153.04	587.06
Net worth as stated	3,199.41	1,827.97	3,484.64	1,628.68	1,215.69
Gross Written Premium	5,069.78	3,967.19	9,348.95	6,890.67	5,415.36
GWP Growth (%)	27.79%	-	35.68%	27.24%	-
EBITDA as stated	-481.51	359.21	-974.62	468.47	235.94
Profit Before Tax	-512.63	316.57	-1,045.95	413.43	182.25
Net Profit for the Period	-380.27	199.29	-825.58	268	128.23
EPS -Basic (₹)	(6.93)^	4.06^	-16.54	5.59	2.81
RoNW (%)	(11.89)%^	10.90%^	-23.69%	16.46%	10.55%
Net Asset Value (₹)	57.83	37.26	63.58	33.2	19

Source: RHP *Restated Statement; ^not annualised; Net worth after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Also, Share application money and fair valuation is excluded for calculation of net worth.

Offer Details:

Offer	No. of Shares
Fresh Issue#	Upto 21,839,080~ - 21,111,111^ Equity Shares*
Offer for sale by:	Upto 58,324,225 Equity Shares
Safecrop Investments India LLP – Promoter Selling Shareholder	Up to 30,683,553 Equity Shares
Konark Trust – Promoter Group Selling Shareholder	Up to 137,816 Equity Shares
MMPL Trust – Promoter Group Selling Shareholder	Up to 9,518 Equity Shares
Apis Growth 6 Limited – Investor Selling Shareholder	Up to 7,680,371 Equity Shares
University of Notre Dame DU LAC – Investor Selling Shareholder	Up to 7,438,564 Equity Shares
MIO IV Star – Investor Selling Shareholder	Up to 4,110,652 Equity Shares
MIO Star – Investor Selling Shareholder	Up to 4,110,652 Equity Shares
ROC Capital Pty Limited– Investor Selling Shareholder	Up to 2,509,099 Equity Shares
Other Investor Selling Shareholder	Up to 1,644,000 Equity Shares

Excluding Employee Reservation; * (~ at lower price band and ^ upper price band)

Gross Written Premium (“GWP”) for Product Categories:

Product Category	6 Months ended Sep'30				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Retail health	4,339.92	85.60%	3,489.13	87.90%	8,215.09	87.90%	5,838.90	84.70%	4,679.11	86.40%
Group health	662.82	13.10%	420.54	10.60%	984.24	10.50%	892.13	12.90%	595.44	11.00%
Government health	-	-	-	-	-	-	4.47	0.10%	-	-
Personal accident	67.04	1.30%	56.88	1.40%	148.93	1.60%	142.75	2.10%	127.54	2.40%
Travel	0.01	0.00%	0.64	0.02%	0.69	0.01%	12.42	0.20%	13.27	0.20%
Total GWP	5,069.78	100.00%	3,967.19	100.00%	9,348.95	100.00%	6,890.67	100.00%	5,415.36	100.00%

Sales and Distribution:

Agency	6 Months ended Sep'30				Year Ended March 31,					
	2021		2020		2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Individual Agents	3,901.52	77.00%	3,107.61	78.30%	7,378.07	78.90%	5,250.26	76.20%	4,194.16	77.40%
Corporate Agent Banks	141.6	2.80%	84.89	2.10%	220.92	2.40%	128.99	1.90%	80.13	1.50%
Corporate Agents	31.66	0.60%	10.46	0.30%	19.1	0.20%	11.17	0.20%	18.43	0.30%
Total Agency	4,074.78	80.40%	3,202.96	80.70%	7,618.08	81.50%	5,390.41	78.20%	4,292.72	79.30%
Direct Sales	453.12	8.90%	369.97	9.30%	847.26	9.10%	699.35	10.10%	730.54	13.50%
Brokers	472.32	9.30%	308.63	7.80%	698.51	7.50%	690.16	10.00%	391.98	7.20%
Others	69.56	1.40%	85.64	2.20%	185.1	2.00%	110.75	1.60%	0.12	-
Total GWP	5,069.78	100.00%	3,967.19	100.00%	9,348.95	100.00%	6,890.67	100.00%	5,415.36	100.00%

Comparison With Listed Industry Peers (As On 31st March 2021):

Name of the Company	Consolidated/ Standalone	Face Value	Net Worth (₹ Cr)	Net Profit (₹ Cr)	Closing Price [^]	EPS (Basic)	NAV [^]	P/E [~]	RoNW (%)
Star Health and Allied Insurance Co Ltd	Restated	10	3,484.64	-825.58	[·]	-16.54	63.58	[·]	-23.69%
Peer Group									
ICICI Lombard General Insurance Co Ltd.*	Consolidated	10	7,435.15	1,473.05	1,512.35	32.41	163.56	46.66	19.81%
New India Assurance Co Ltd	Consolidated	5	18,485.38	1,627.75	152.2	9.95	112.17	15.3	8.81%

Source: RHP; *ICICI Lombard General Insurance Company Ltd. is not strictly comparable with the Company as they operate under general insurance with health insurance not forming a significant component, whereas the Company is a standalone health insurance provider.

[^] Closing price as on Nov'18, 2021.

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