

# Niva Bupa Health Insurance

## A diversified play on health insurance growth



Expect consistent 20%+  
growth over medium term

Increase in claims ratio  
to be offset by reducing  
opex ratio

See an upside to  
reported growth & PAT

# Niva Bupa Health Insurance

## A diversified play on health insurance growth

We initiate coverage on Niva Bupa with an ADD rating and a target price of INR 88, valuing the company at 35x FY28e EPS of INR 2.5. The company is the 3<sup>rd</sup> largest standalone health insurer (SAHI) in India, and enjoys the benefits of a widespread distribution mix of around 30/30/30/10 among individual agents / corporate agents (banks & others) / brokers / direct channels.

The health insurance space in India has seen strong growth of high teens over the last decade; it has accelerated post-Covid. The space has seen a weakness in reported growth starting in 2HFY25, as the longer-term premiums are amortised over the life of the products. Against a like-to-like growth of 32% in FY25, the company reported a growth in gross premium of only 21%. This should revert from 2HFY26 once the amortised premiums are in the base. We expect the company to maintain 25% gross premium CAGR over FY25-FY28e, before it normalises to 20-25% in the medium term.

We expect the company to see its combined ratio increase from 101% levels in FY25 in the near term and recover to 99% levels only by FY28e. Investment income is expected to increase with capital infusion and growth in premiums, with yields remaining range-bound at 7-8%. We expect PAT to decline 27% YoY in FY26e, recover to FY25 levels by FY27e, before breaking out in FY28e to INR 4.6bn.

We are positive on the company's diversified distribution, strong consistent 20%+ growth and improving opex ratio with scale, however, we believe deteriorating claims ratio and profitability limit upside in the near term.

**Health has been the fastest-growing segment within general insurance over the last decade:** Health insurance grew at 19% CAGR over the last decade vs. 13% for general insurance and 11% for nominal GDP. Group and retail segments expanded at 18% and 17% CAGR respectively, with SAHIs' retail market share rising to 58% in FY25.

**Health insurance still has legs to grow at high teens for another decade:** In FY24, ~570mn lives insured contributed INR 1.2trln in premium (average ticket size INR 2,000). ATS was INR 7,430 in retail, INR 2,175 in group, and INR 403 in government schemes. With greater adoption of top-ups over government coverage, Redseer projects 20% CAGR for FY24-28e.

**The search for the right health insurance play brings us to Niva Bupa:** Star Health has moats in retail health but has cut down its group business, while MediAssist is limited by TAM. Niva Bupa, with diversified mix (66% retail, 32% group, 2% others), offers broader growth potential.

**Expect increase in claims ratio to only gradually be offset by reducing opex ratio:** Claims ratio is expected to rise with ageing book and increased group business; it will be offset by reducing opex ratio. We expect COR to trend to <100% by FY28e.

**Growth is suppressed by 1/n accounting, to normalise hereon:** Adoption of 1/n accounting from Oct'24 suppressed growth optics, as multi-year policies are amortised. Niva Bupa, with higher banca exposure, faced greater impact, but base resets from Oct'25 should normalise growth reporting.

**Steady 20%+ premium growth but expect PAT to breakout only by FY28e:** We expect GDPI CAGR of 24% in FY25-28e; however, reported PAT is expected to remain subdued till FY27e before recovering to INR 4.6bn by FY28 (29% CAGR).

**All stars aligned on the regulatory front:** IRDAI's "Insurance for All by 2047" and GST cuts on premiums will drive penetration. Though lower GST reduces near-term profitability (no ITC claim), repricing will ensure revenue neutrality while improving affordability for customers. With its diversified distribution, we expect Niva Bupa to continue to gain market share even in the face of potential liberalisation of agent tie-ups and composite licences.

Recommendation and Price Target		Financial Summary (INR mn)					
Current Reco.	ADD	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Current Price Target (12M)	88	Gross premiums	56,076	67,622	85,204	105,653	129,953
Upside/(Downside)	9.7%	GWP growth (% YoY)	38%	21%	26%	24%	23%
Key Data – NIVABUPA IN		Net profit	830.3	2,135.2	1,566.7	2,436.3	4,605.6
		EPS (INR)	0.5	1.2	0.9	1.3	2.5
		EPS growth (% YoY)	489%	139%	-27%	56%	89%
		Combined ratio (%)	99%	101%	103%	102%	99%
		ROE (%)	3%	6%	4%	6%	10%
		P/E (x)	167.8	70.2	95.6	61.5	32.5
		BV	17.5	20.7	21.5	22.9	25.4
		P/BV (x)	5.0	4.3	4.1	3.8	3.5
		Source: Company data, JM Financial. Note: Valuations as of 8/Oct/2025					
		JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ. Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.					

Price Performance			
%	1M	6M	12M
Absolute	-4.3	9.1	NM
Relative*	-5.1	-1.5	NM

\* To the BSE Sensex

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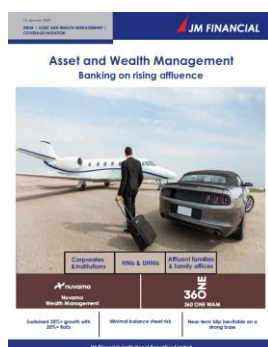
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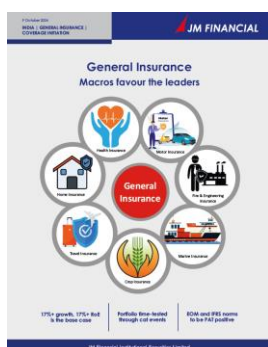


Niva Bupa has scaled up with 32% gross premium growth on a like-to-like basis in FY25 (21% reported), with combined ratio at 101%. We expect the company to contain its combined ratio to ~99% in FY28e, after increasing from FY25 levels over FY26-FY27e. While claims ratio rises as the book ages and business growth slows to 20-25%, opex ratio will decline with the benefits of operating leverage. With an investment yield of 7-8% on trailing book, we expect the company to double its FY25 PAT by FY28e, even as we expect a decline in FY26e. We initiate with ADD with a target price of INR 88, at 35x FY28e EPS of INR 2.5.

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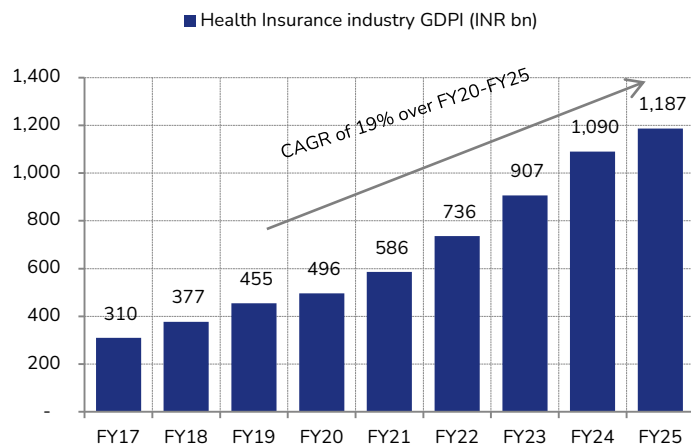
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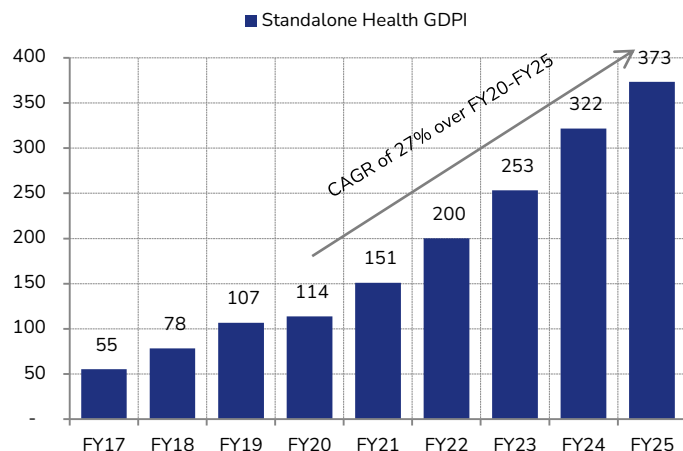
## Focus Charts

**Exhibit 1. Health insurance industry grew at 19% CAGR (FY20-25)**



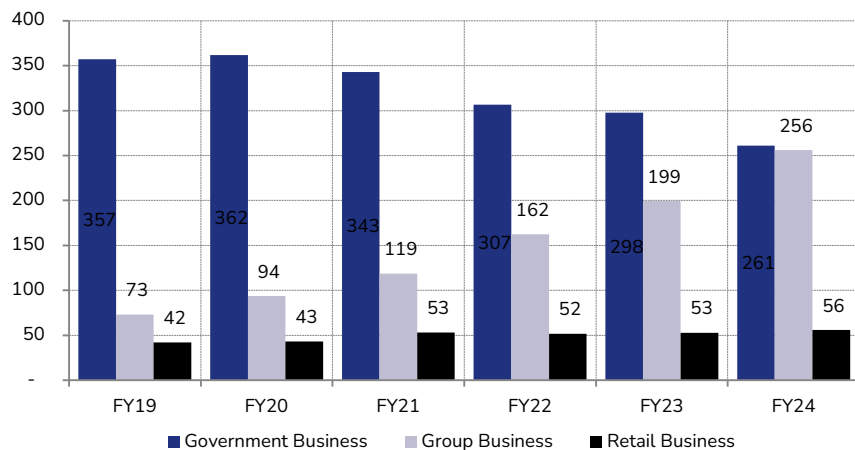
Source: Company, JM Financial

**Exhibit 2. SAHIs have grown by 27% CAGR over FY20-25**



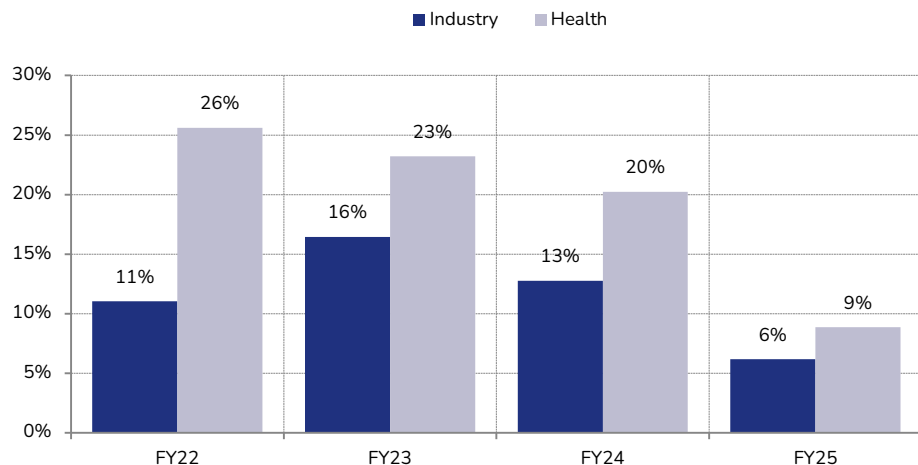
Source: Company, JM Financial

**Exhibit 3. No of lives insured across segments (mn): Retail lives covered are the lowest**

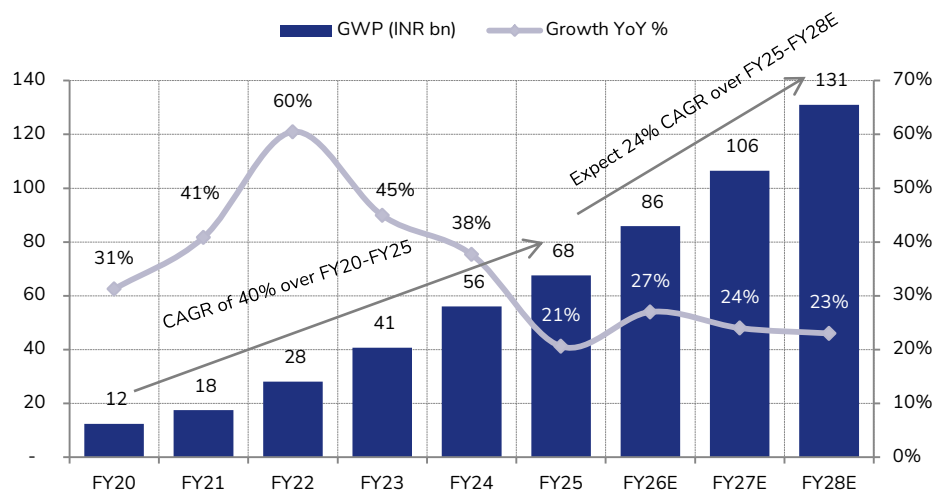


Source: Company, JM Financial

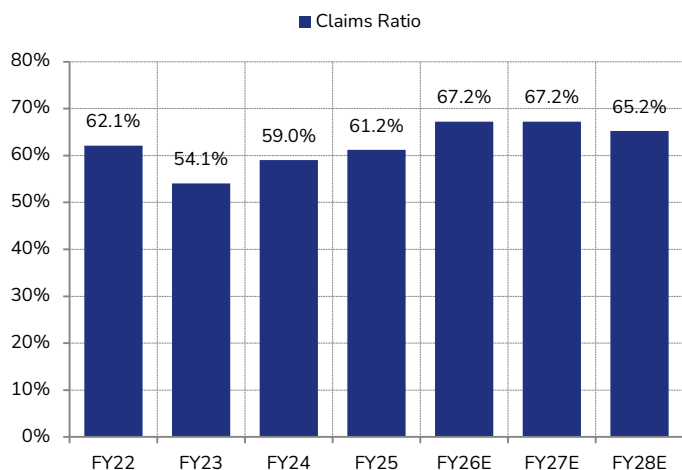
**Exhibit 4. Growth over FY22-25: Health insurance has consistently outperformed the industry**



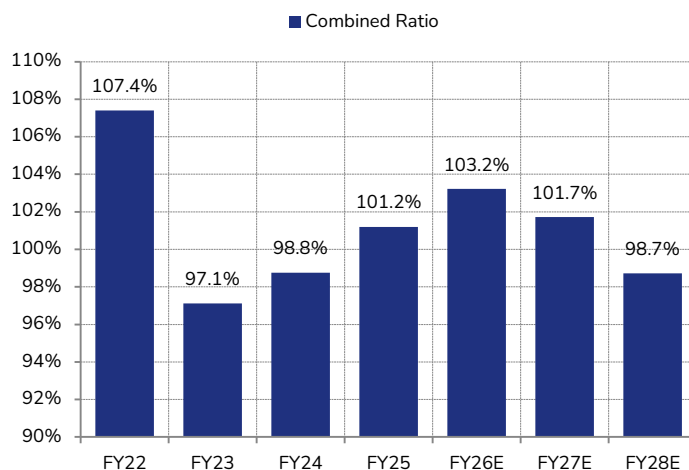
Source: Company, JM Financial

**Exhibit 5. GWP growth is expected to remain strong at 20%+**

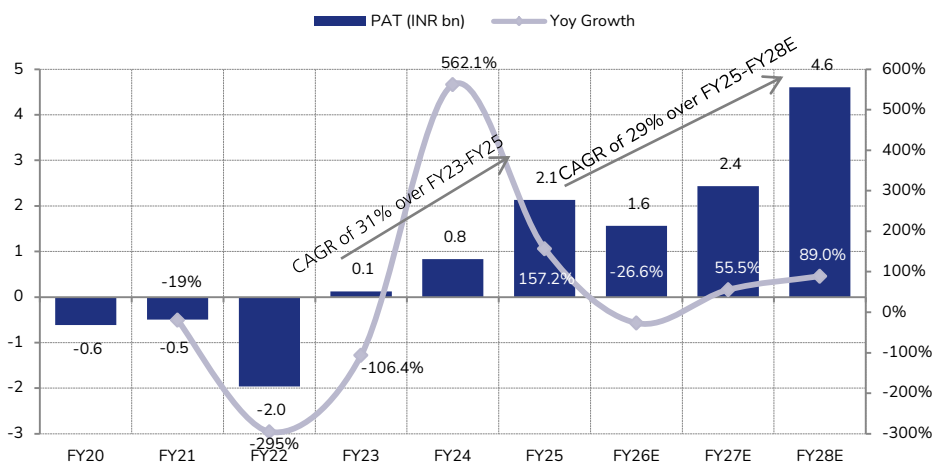
Source: Company, JM Financial

**Exhibit 6. Claims ratio to inch up over FY26-FY27e vs. FY25 levels**

Source: Company, JM Financial

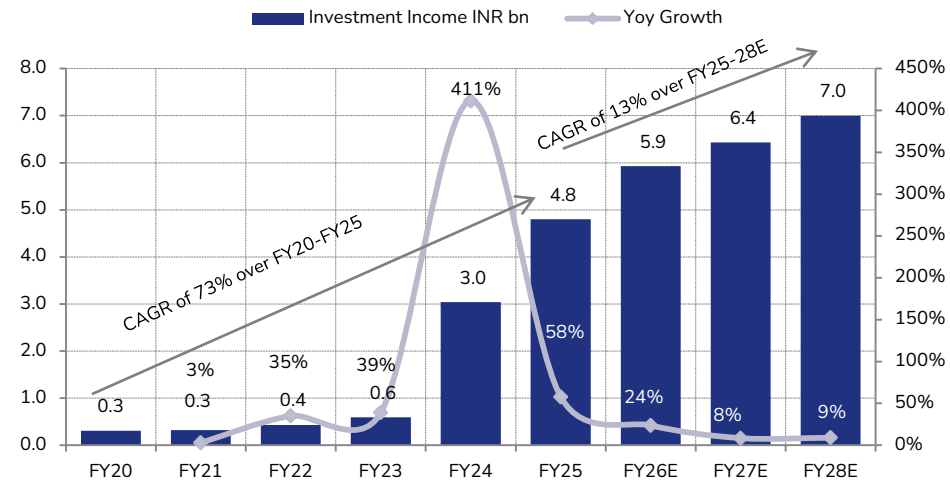
**Exhibit 7. COR to deteriorate despite improving opex ratio**

Source: Company, JM Financial

**Exhibit 8. PAT to breakout only by FY28e**

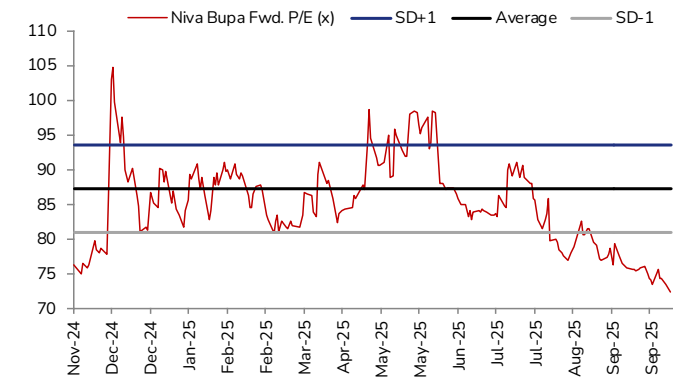
Source: Company, JM Financial

Exhibit 9. Expect steady growth in investment income hereon



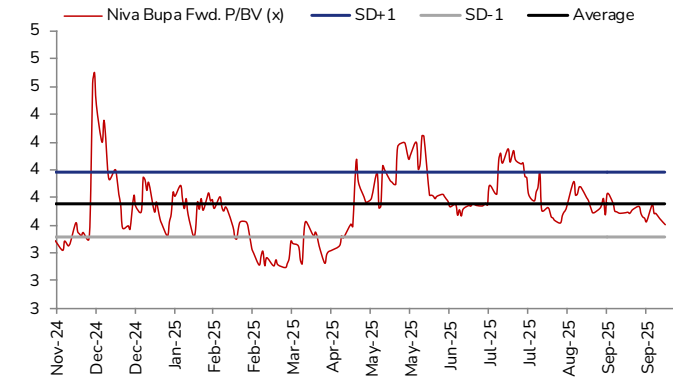
Source: Company, JM Financial

Exhibit 10. Stock listed only in 3QFY25, trajectory to be seen



Source: Company, JM Financial

Exhibit 11. Stock price and P/BV Ratio under pressure



Source: Company, JM Financial



## Investment thesis

### Health has been the fastest-growing segment within general insurance over the last decade

The general insurance space has grown ahead of nominal GDP over the last decade (13% CAGR for industry vs. 11% CAGR nominal GDP growth for India over FY15-FY25). While growth in motor (31% of industry GDPI in FY25) and other lines has been subject to the underlying GDP – consumption and investment – health insurance has grown steadily at 19% CAGR. Both group (including government schemes) and retail have grown strongly at 18% and 17% CAGR over FY19-FY25. Within the health segment, standalone health insurers (SAHIs) have gained market share at the expense of PSUs and multi-line private players, and this gain has been led by the retail segment (gained 58% market share over FY17-FY25).

### Health insurance still has legs to grow at high teens for another decade

In FY24, ~570mn lives insured contributed a total premium of INR 1.2trln, implying an average ticket size (ATS) of only INR 2,000. If we look at retail, group and government schemes separately, ATS stands at INR 7,430, INR 2,175 and INR 403, respectively. However, the number of lives insured shows the reverse picture – while lives covered by government schemes has multiplied 10x over the last decade, the retail segment has seen lives insured grow at a CAGR of only 8%. As government schemes are increasingly liked by the people, we expect them to opt for private and group schemes for top-up. This provides a strong growth opportunity. The Redseer report expects a CAGR of 20% over FY24-FY28e.

### The search for the right health insurance play brings us to Niva Bupa

We like the health insurance space for its strong growth and growth potential and a shorter-term risk on books – its ability to reprice the products annually, unlike life insurance schemes. While general insurers have seen strong growth from health (20% of ICICI's growth over FY23-FY25 came from health), the search for a pure play brings us to Star Health and MediAssist. We like Star Health's business moats in retail health; however, it has aggressively cut down its group piece. In MediAssist, we see a constraint on the Total Addressable Market (TAM) as the company only generates 3-3.5% of premiums, implying potential revenue of INR 2.6bn-3bn in FY28, even with 50% market share. In such a scenario, we like a player like Niva Bupa, with access to multiple client pools, with its diversified premiums of 66%/32%/2% from retail, group and others in FY25.

### Expect increase in claims ratio to only gradually be offset by reducing opex ratio

Claims ratio is expected to rise with ageing book and increased group business; it will be offset by reducing opex ratio. As its book ages, we expect Niva Bupa to see a higher claims ratio. The company has acquired ~1mn new retail customers from FY22 to FY23. As they age, IFRS combined ratio should pick up by 100-150bps annually. With the expansion in group business (and its steady renewals), we expect the claims ratio to be elevated over FY26-FY27e, before reducing in FY28e. This would be offset by reducing opex ratio; however, we expect the combined ratio to be contained to <100% only by FY28e.

### Growth is suppressed by 1/n accounting, to normalise hereon

Since 1<sup>st</sup> Oct'24, general insurers have adopted a 1/n accounting of premiums – wherein the premiums for a multi-year policy are amortised over the life of the product. Since the base had lumpy premiums accounted for by multi-year policies, growth looks optically lower. Once the 1/n premiums are accounted in the base w.e.f. 1<sup>st</sup> Oct'25, industry growth should normalise. Since Niva Bupa had a widespread distribution, with a large banca share, it had seen a higher impact of 1/n than peers. With the base reset, growth reported on a monthly basis should look much better.

### Steady 20%+ premium growth but expect PAT to breakout only by FY28e

Given the strong historical and projected growth for health insurance, strong profitability and a comfortable capital position, we expect the company to grow its premium at 25% CAGR over FY25-FY28e. The company itself has guided for mid-twenties growth, over a 5-year period, on the base of FY24. Reported PAT is expected to remain subdued till FY27e before recovering to INR 4.6bn by FY28 (29% CAGR FY25-28e).

### All stars aligned on the regulatory front

The government and IRDAI have focussed on health insurance, led by the flagship "Insurance for All by 2047". The GST cut on health premium should help expand the market further. While GST cuts impact profitability in near term as health insurers will be unable to claim ITC, in the medium term, as they reprice the products to maintain revenue neutrality, the customer gains while the government takes a revenue hit. With its diversified distribution, we expect Niva Bupa to continue to gain market share even in the face of potential liberalisation of agent tie-ups and composite licences.



## Valuation

Since listing, Niva Bupa has traded at a strong premium to Star Health and ICICI Lombard on a P/E basis. This reflects the Street's confidence that, over time, cost structures should converge between Niva Bupa and a scaled SAHI player, like Star Health.

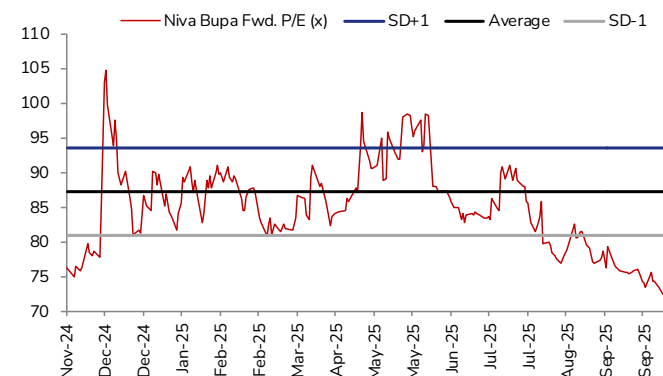
At CMP, the stock trades at 96/62/33x FY26/FY27/FY28e EPS and 1.8/1.4/1.2x FY26/FY27/FY28e GWP. On an FY27e P/E basis, this translates into a premium of 100%+ over Star Health and ICICI Lombard. However, we believe PAT will breakout only by FY28e, where the P/E normalises to 33x, slightly ahead of Star Health and ICICI Lombard. If we look at GWP multiples, at 1.4/1.2x FY27/FY28e GWP, it trades between Star Health, trading at 1.2/1.1x FY27/FY28e GWP, and ICICI Lombard, trading at 2.7/2.3x FY27/FY28e GWP.

**Exhibit 12. Valuation comparison**

Company	M. Cap USD bn	Reco	EPS			P/E			P/BV			P/GWP		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ICICI Lombard	10.8	BUY	57.8	67.2	78.6	33.3	28.7	24.2	5.9	5.1	4.3	3.0	2.6	2.3
Star Health	3.0	HOLD	14.7	20.0	25.6	31.2	22.8	17.8	6.2	5.3	4.3	1.4	1.2	1.1
Niva Bupa	1.7	ADD	2.4	2.5	2.5	33.9	32.5	32.5	3.5	3.1	3.2	1.8	1.4	1.2

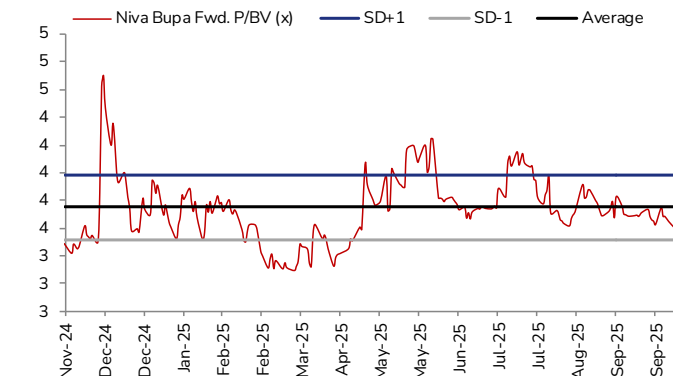
Source: Company, JM Financial

**Exhibit 13. Stock listed only in 3QFY25, trajectory to be seen**



Source: Company, JM Financial

**Exhibit 14. Stock price and P/BV Ratio under pressure**

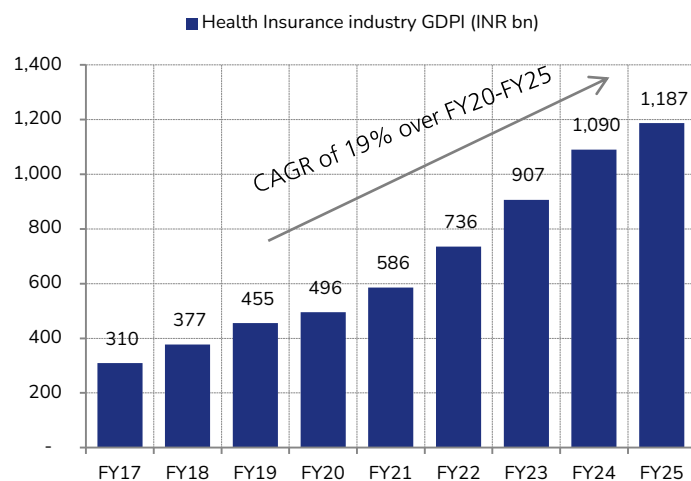


Source: Company, JM Financial

## Health has been the fastest-growing segment within general insurance over the last decade...

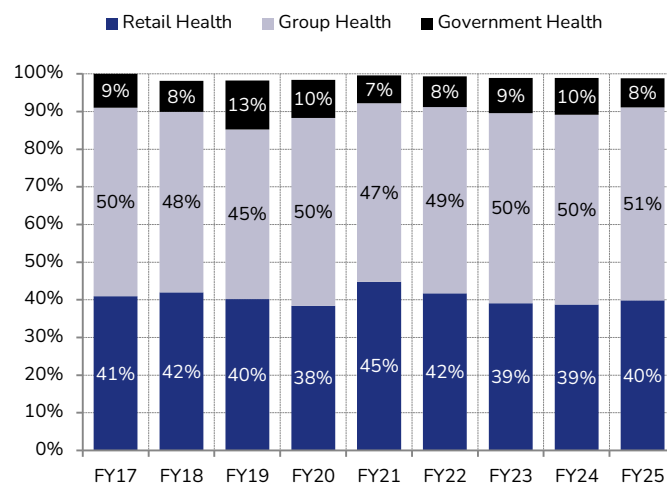
The health insurance industry in India has grown at a robust rate of 19% CAGR over FY20-25. Based on customer profile, it can be classified into Retail, Group and Government businesses. The retail segment, which is the most attractive business in terms of profitability, contributes to around 40% while group and government businesses comprise 51% and 8% of the total health insurance premiums collected in India. This share has been stable over FY20-FY25, indicating scope for growth through both group and retail portfolios.

**Exhibit 15. Health insurance industry grew at 19% CAGR (FY20-25)**



Source: Company, JM Financial

**Exhibit 16. Retail health is 40% of total health insurance industry**



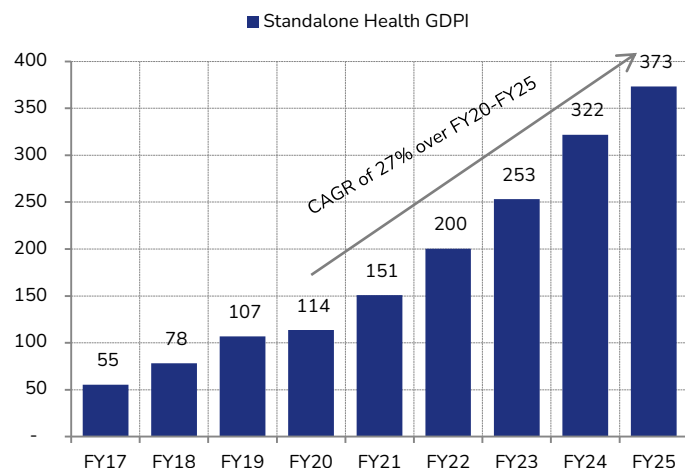
Source: Company, JM Financial

### ...led by inherent demand and regulatory backing

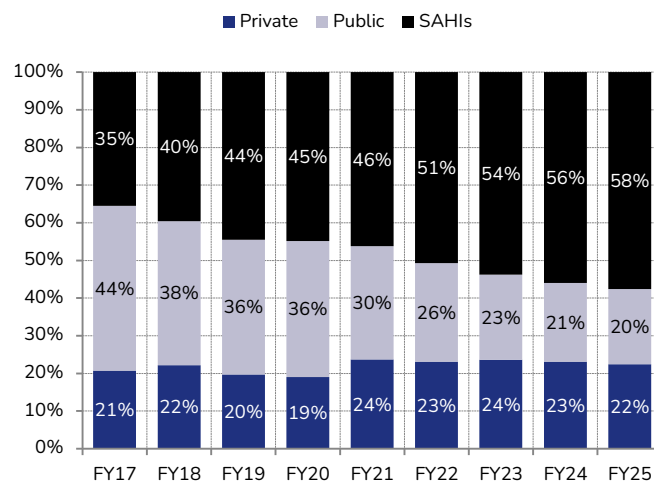
When classified in terms of type of insurers, the health insurance industry involves three major players – i) Private, ii) Public, and iii) Standalone health insurers (SAHIs). Interestingly, within the retail health segment, SAHIs have grown at a faster pace compared to their private and public peers, led by increase in overall ticket size and revision in premium rates to keep up with medical inflation as all of them launched high-value policies and broadened the scope of coverage. This has helped SAHIs grow their market share in the retail segment from 35% as of FY17 to 58% as of FY25.

The regulator has helped facilitate this by allowing life and non-life insurance agents to get co-opted as health insurance agents, without an additional examination. IRDAI has allowed an individual agent to sell products from one life insurer, one multi-line non-life insurer and one standalone health insurer. As there are just 5-6 SAHIs, they have been able to use individual agents trained and managed by life and multi-line insurers to market their products.

In Jan'24, as EOM (expense of management) regulations were revised for the sector and caps on commissions deregulated, SAHIs were allowed to maintain an EOM to GWP of up to 35%, compared to 30% for other multi-line (non-life) insurers, thereby extending the regulatory arbitrage in their favour.

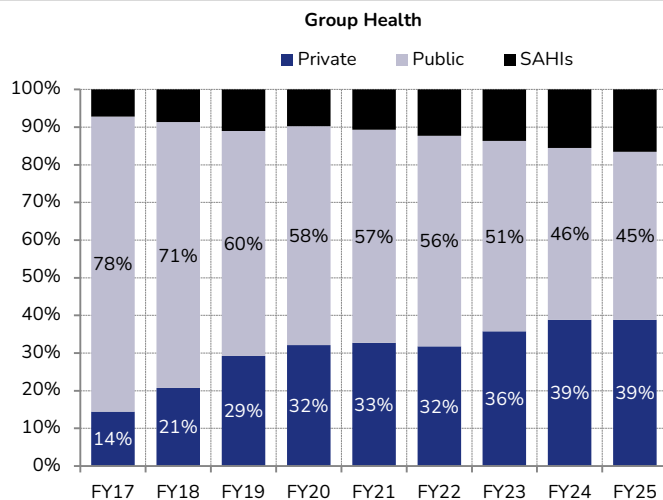
**Exhibit 17. SAHIs have grown by 27% CAGR over FY20-25**

Source: Company, JM Financial

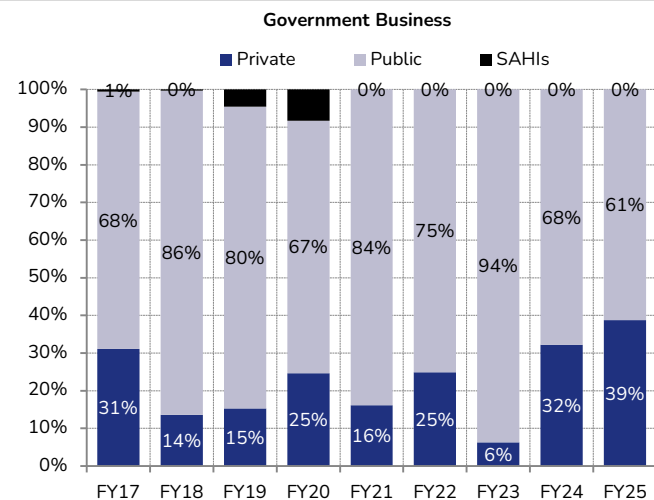
**Exhibit 18. Retail health: Market share of SAHIs has increased**

Source: Company, JM Financial

The group business has been traditionally dominated by public health insurers. A major chunk of these policies are sold to institutional clients via contractual agreements for their employees. The average age of customers insured in this segment is higher than in the retail segment and the policies are underwritten without initial medical assessments. Hence, it becomes difficult to make underwriting profits in this segment as compared to the retail segment. However, this segment is very lucrative in terms of growth as the premiums tend to be chunky. Private players have more than doubled their market share in the group segment from 14% in FY17 to 39% in FY25; SAHIs also grew from 7% in FY17 to 17% in FY25.

**Exhibit 19. Group health: Private players have gained share**

Source: Company, JM Financial

**Exhibit 20. Government business: Public players are dominant here**

Source: Company, JM Financial

The government business has traditionally been dominated by public sector players, primarily due to their longstanding relationships and the trust they have built over time. Following the Covid-19 pandemic, the participation of private players in government business declined sharply. Although it has been gradually recovering, private sector involvement is still limited. One of the key reasons for this is the relatively smaller premium size associated with government business, which reduces its attractiveness for private insurers and, consequently, results in lower participation.

## Health insurance has legs to grow at mid-teens for another decade

In FY24, ~570mn lives insured contributed a total premium of INR 1.2trln, implying an average ticket size (ATS) of only INR 2,000. If we look at retail, group and government schemes separately, ATS stands at INR 7,430, INR 2,175 and INR 403, respectively. However, the number of lives insured shows the reverse picture – while lives covered by government schemes has multiplied 10x over the last decade, the retail segment has seen lives insured grow at a CAGR of only 8%. As government schemes are increasingly liked by the people, we expect them to opt for private and group schemes for top-up. This provides a strong growth opportunity. The Redseer report expects a CAGR of 20% over FY24-FY28.

India's total health expenditure stands at 3.8% of GDP as per the Economic Survey 2024-25, which is much lower than peer economies such as China and Brazil, where health spending exceeds 5% of GDP. This gap suggests significant potential for convergence in healthcare investment over the long term.

### Key drivers of growth for India's health insurance industry:

- **Express need for health insurance in India:** According to a [Niti Aayog report](#), about 7% of India's population is pushed into poverty every year due to healthcare costs. Although the government's key intervention - Ayushman Bharat Scheme – provides insurance cover of INR 5 lakh each year to each eligible family, it is restricted to the in-patient department (IPD) while about 40-80% of the out-of-pocket health expenditure is caused by out-patient care ([Research Report](#)).
- **Under-penetration:** Widespread lack of awareness about benefits of insurance, affordability challenges especially in the informal sector, and rural-urban divide has resulted in about 31% of the Indian population (400mn people) not having health insurance ([NIA report](#)).
- **Demographic advantage:** India is the most populous country in the world. Rising urbanisation (as of 2023, about 36.3% Indians reside in urban areas) and a young median age fuels the rising demand for health insurance in India.
- **Increase in lifestyle diseases:** According to a [study](#) conducted between 2008 and 2020 across 31 states and union territories of India, about 101mn people in India (11.4%) suffer from diabetes while 35% of the population suffers from hypertension. Increasing trend of these diseases puts health insurance as one of the essential needs for financial security.
- **Increasing healthcare inflation:** Health inflation adversely affects families, making it difficult to manage healthcare expenses without adequate financial protection. India has one of the highest rates of healthcare inflation, because of a difference in how healthcare is insured and assisted by the government as compared to other countries. So insurance comes into play, resulting in savings for customers.
- **Strategic collaboration and tech advancements:** Leveraging digital platforms and online aggregators has helped insurers expand their reach and simplify the purchasing process for the customer. Additionally, the power of analytics and tech innovations has aided in improving their underwriting capabilities.
- **Government support:** Initiatives taken by IRDAI like Bima Sugam (online portal facilitating insurance purchases), Bima Vahak (women-centric insurance distribution channel) and Bima Vistaar (social safety net) along with state and central schemes like Ayushman Bharat indicate the government's strong intent in promoting health insurance in the country.

The health sector constitutes the largest segment of the non-life insurance business in India. The expanding middle class and increased discretionary spending are expected to drive overall growth. Enhanced digital accessibility, economic growth and government initiatives have further positioned the sector for robust expansion, ensuring better health coverage and financial security.

## Government schemes adding lives, SAHIs to expand premiums

One of the key drivers of the insurance business is the number of lives insured. In India, ~570mn lives were insured across various categories including retail, group, government, and travel insurance at the end of FY24.

As of FY23, the number of lives insured under retail health insurance stood at 52.9mn, and it is expected to grow at a CAGR of ~11%, reaching approximately 90mn by FY28E as per Redseer Report.

This indicates significant headroom for growth, particularly in the retail health insurance segment. Star Health is the largest player among the SAHI peers in terms of the number of lives insured followed by Niva Bupa.

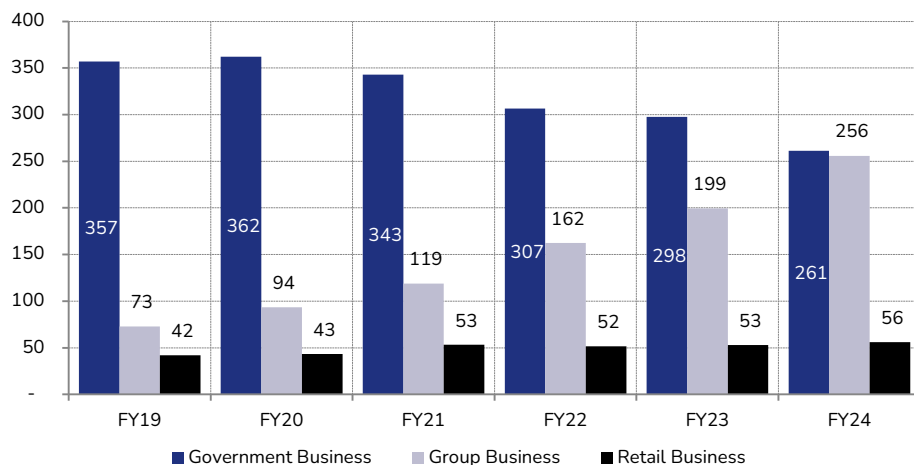
Also, retail health insurance is considered more profitable than group and government health insurance. This is primarily due to better underwriting driven by deep customer segmentation, innovative product bundling, and a higher ATS due to higher premiums. Given these advantages, the retail segment represents a crucial growth driver for insurers.

Niva Bupa derives more than 65% of its business from the retail health segment, underlining its strategic focus on this market. The company recorded the highest growth in the number of retail lives insured, increasing from 3.09mn in FY22 to 4.06mn in FY23, which was the highest among peers and more than industry growth.

However, the majority of insured lives in India still fall under the group and government health insurance categories. With an estimated 450mn lives insured through group and government channels, even a 20% conversion to retail – translating into potential 90mn retail customers – presents a significant opportunity.

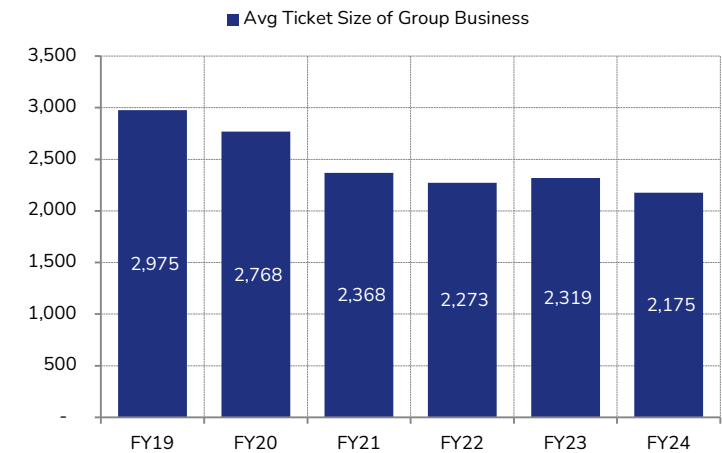
Currently, the company covers only 4mn lives in the retail segment, which implies a substantial untapped market. The company has the opportunity not only to expand further in retail but also to penetrate group and government segments with customised offerings and cross-sell strategies.

**Exhibit 21. No of lives insured across segments (mn): Retail lives covered are the lowest**



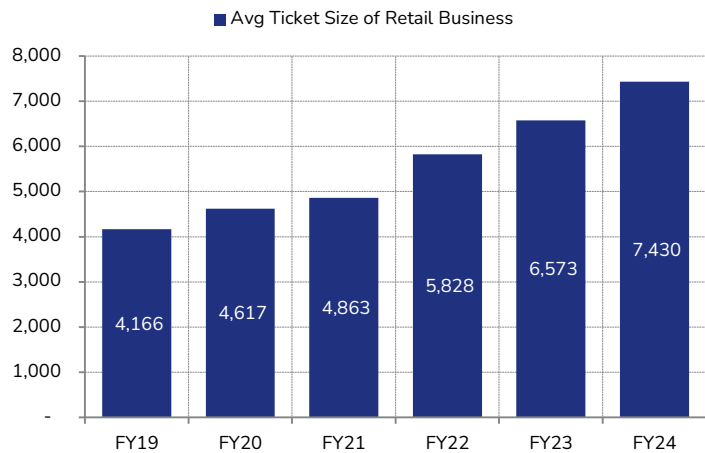
Source: IRDAI Annual Report, JM Financial

Exhibit 22. Average ticket size (ATS) of group is lower than retail



Source: Company, JM Financial

Exhibit 23. ATS is 3.5x the group business



Source: Company, JM Financial

## The search for the right health insurance play brings us to Niva Bupa

We like the health insurance space for its strong growth and growth potential and a shorter-term risk on books – its ability to reprice the products annually, unlike life insurance schemes. While general insurers have seen strong growth from health (44% of ICICI's growth over FY23-FY25 came from health), the search for a pure play brings us to Star Health and MediAssist. We like Star Health's business moats in retail health; however, it has aggressively cut down its group piece. In MediAssist, we see a constraint on the Total Addressable Market (TAM) as the company only generates 3-3.5% of premiums, implying potential revenue of INR2.6bn-3bn in FY28, even with 50% market share. In such a scenario, we like a player like Niva Bupa, with access to multiple client pools, with its diversified premiums of 66%/32%/2% from retail, group and others.

The health insurance segment has established itself as a structural growth driver for the general insurance industry in India. From FY23 onwards, the segment has consistently outperformed the overall industry, expanding by 23% YoY in FY23 compared to the general insurance industry's 16% growth in the same period. This indicates that health has become the most dynamic component of the insurance market. The momentum continued in subsequent years, with health growing at 20% in FY24 and 9% in FY25, vs. industry growth of 13% and 6%, respectively.

Health's contribution to overall industry growth has been significant. In FY23, the segment accounted for 50% of incremental growth, rising to 56% in FY24 and reporting 54% in FY25. Such consistent outperformance indicates that health has transitioned from being an ancillary growth driver to the backbone of the industry's expansion cycle.

Within the health business, the retail segment has been a key contributor. In FY25, retail health alone accounted for 15% of overall industry growth. Structural factors driving this trend include higher ATS, scalability in terms of insuring a larger proportion of the population, and annual repricing flexibility, which helps insurers manage underwriting risks more effectively compared to life insurance products.

This trend is also evident among multiline insurers. ICICI Lombard, one of the largest players in the industry, has seen its health portfolio emerge as a critical engine of growth. Health contributed 46% of the company's growth in FY23, followed by 38% contribution in both FY24 and FY25. This demonstrates the increasing dependence of general insurers on health to sustain their growth momentum.

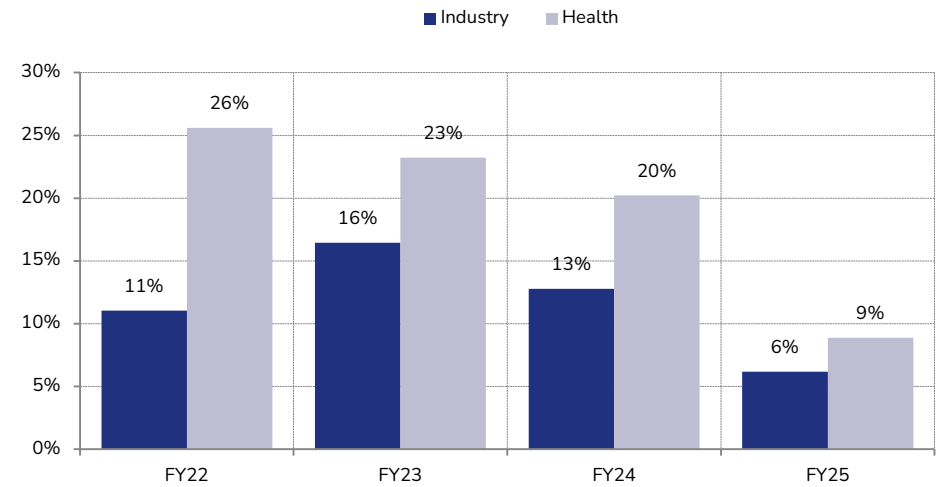
The importance of standalone health insurers is equally clear. Star Health, the largest pure-play health insurer, has built strong moats in the retail segment and remains a market leader in that space. However, growth visibility has been affected by the company's sharp reduction in the group health business, resulting in a more concentrated premium profile and narrowing its diversified growth avenues.

MediAssist, while playing an important role in health insurance administration, faces natural limitations in its business model. With revenue linked to fees amounting to only 3–3.5% of total premiums, its TAM remains structurally constrained. Even at a potential 50% market share by FY28, the top line opportunity remains muted when compared to insurers with direct premium pools.

In comparison, Niva Bupa offers a balanced positioning in the market. With 68% of its premium base sourced from retail and the remainder from group health, it maintains diversification across client segments while leveraging the faster-growing retail opportunity. The company's business model provides both scalability and resilience, making it well-placed to capture incremental growth as health continues to dominate the expansion of India's general insurance industry.



Exhibit 24. Growth in FY22-25: Health insurance has consistently outperformed the industry



Source: Company, JM Financial

## Expect increase in claims ratio to only gradually be offset by reducing opex ratio

Post-Covid, Niva Bupa has seen its claims ratio increase from 54% levels in FY23 to 61% in FY25. We expect the claims ratio to inch up to 67% levels over FY26-FY27e, before reducing to 65% in FY28e.

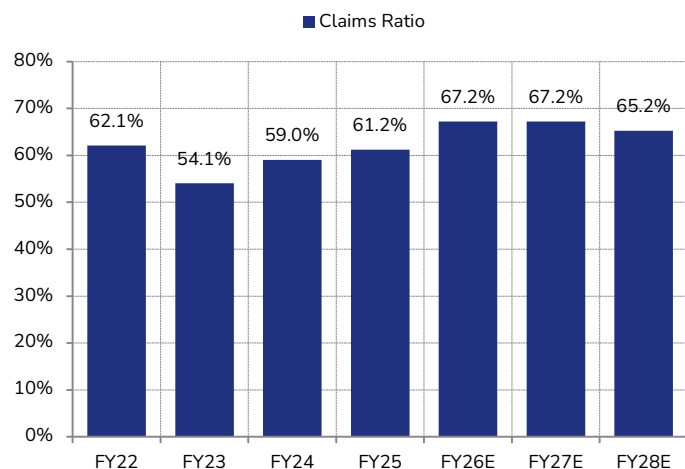
The company has maintained an IFRS claims ratio of ~75% on renewals book. With premiums growing at 30%+ (on a like-to-like basis) over FY24-FY25, the corresponding claims ratio in the new book would come in at ~60%.

A 30% growth implies that around 1/4th of the book is new. If growth was to slow down to 25%, new book share will reduce to 20% from 25%. Maintaining a similar claims ratio in both new and renewal books would result in a blended increase of 100bps in its claims ratio.

To manage this and protect profitability, the company has placed strong emphasis on reducing its operating expense ratio through technology-led efficiencies. Investments in digital tools across underwriting, customer acquisition, payments, and claims processing have enhanced speed, accuracy, and cost-effectiveness in day-to-day operations. These efforts have yielded tangible results, with the expense of management ratio reducing from 45% in FY22 to 40% in FY25. By lowering costs and improving efficiency, Niva Bupa is able to offset the higher claim load while sustaining margins and maintaining long-term financial stability.

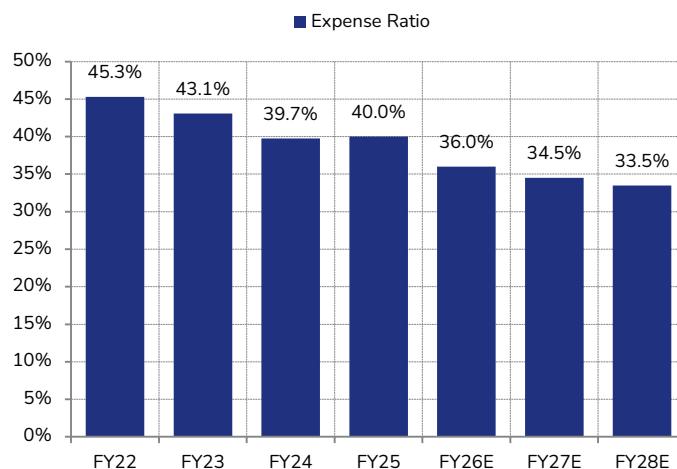
Opex ratio has improved from 48%+ levels in FY20 to 40% in FY25. We expect it to reduce further gradually to 33.5% by FY28e. A key milestone is the achievement of 35% EOM to GWP (Expenses of Management to Gross Written Premiums ratio), as mandated by IRDAI for SAHIs. We expect the company to achieve the same over FY26-FY27e. To achieve the same, the company enjoys some reprieve for 1/n accounting and certain expenses to fund measures to expand health insurance, as mandated by IRDAI.

**Exhibit 25. Claims ratio to inch up over FY26-FY27e over FY25 levels**



Source: Company, JM Financial

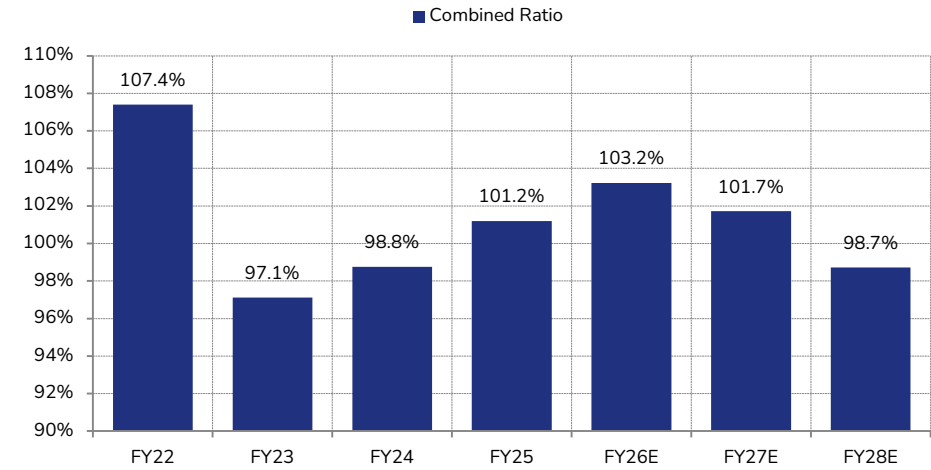
**Exhibit 26. Improving opex ratio after IRDAI mandate**



Source: Company, JM Financial

As inch-up in the claims ratio is expected to be higher than the reduction in the opex ratio, we expect the combined ratio to increase for Niva Bupa from levels of 101% in FY25, before we see it breakout to under 100% in FY28e.

Exhibit 27. COR to deteriorate despite improving opex ratio



Source: Company, JM Financial

## Growth is suppressed by 1/n accounting, to normalise hereon

Adoption of 1/n accounting from Oct'24 suppressed growth optics, as multi-year policies are amortised. Niva Bupa, with higher banca exposure, faced greater impact, but base resets from Oct'25 should normalise growth reporting. For FY25, Niva Bupa saw a like-to-like growth of 32% in gross premiums, against a reported growth of only 21%.

In the health insurance business, the premium received from policies underwritten during a period can be bifurcated into earned premium (recognised on income statement) and unearned premium reserves (UPR, current liabilities). This bifurcation/accounting can be done using two methods: i) 1/365 method also known as Day Basis accounting, and ii) 50% method (flat rate method). As per the IRDAI regulations 2021, the UPR for segments other than marine hull shall be computed as either 1/365 or 50% flat rate method.

### 1/365 method matches claims recognition with earned premiums

In IFRS, UPR is apportioned on pro-rata basis of unexpired period, hence, it matches the incurred claims, which are attributed basis actual outcomes – a policy underwritten on 1<sup>st</sup> Mar'24 is liable for only 1/12<sup>th</sup> of claims in FY24, while the liability for the remaining 11/12<sup>th</sup> actually incurs only in FY25.

While peers like Star Health and ICICI Lombard follow 1/365 method of premiums recognition, their net earned premiums are not impacted by IFRS/IGAAP financials. However, Niva Bupa, which follows 50% method, sees a change in its net earned premiums in IFRS.

**In 50% method**, UPR is calculated by applying 50% weightage on premiums written. Hence, it shows optically better underwriting results in a fast-growing industry.

While on 50% method, we expect the claims ratio to increase by 6pps in FY26-FY27e over FY25 levels; in IFRS, we expect the inch-up in the claims ratio to be limited to <2pps annually. This would be led by the ageing of its book.

Niva Bupa targets a claims ratio of ~75% on its renewal book in retail health, implying that the new book operates at <60% combined ratio. As growth normalises from 30%+ levels to 20-25% levels in the near term, the share of new book would reduce, resulting in an inch-up in IFRS claims ratio by 100-200bps annually.

**Exhibit 28. Illustration: Earned premium as of 31<sup>st</sup> Mar'25 based on 1/365 and 50% method**

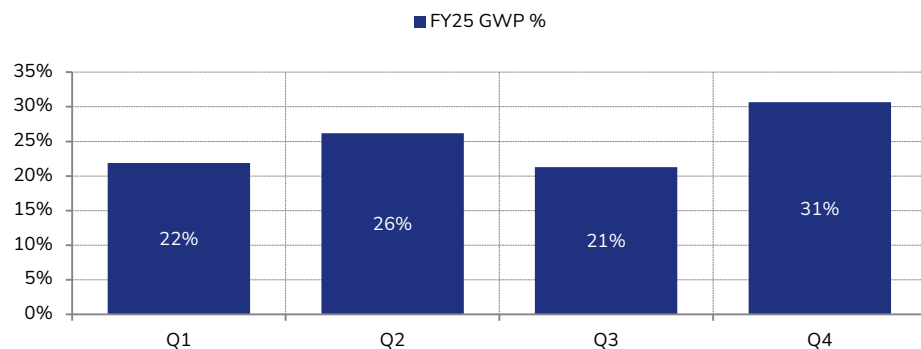
Policy	Premium received	Start date	End date	1/365 method		50% method	
				Unearned	Earned	Unearned	Earned
1	500	28-Jun-24	27-Jun-25	378.08	121.92	250	250
2	898	01-Feb-24	31-Jan-25	147.21	750.79	449	449

Source: Industry, JM Financial

## Health insurance premiums are skewed towards 2<sup>nd</sup> half of the year

Empirically, it is observed that the distribution of premium garnered from health insurance policies is skewed towards the second half of the financial year. This is primarily due to tax benefits involved with health and life insurance, implying that agents are more active in the 2<sup>nd</sup> half of the year, when conversations shift to financial planning.

**Exhibit 29. In FY25 ~52% premiums came in the 2H while ~48% came in 1H**



Source: Company, JM Financial

## IFRS profitability of 7.4% RoE lower than reported 8.4% mainly due to tax impact

The insurance industry in India is gearing up for adoption of Ind AS 117, which converges with IFRS 17 adopted globally since 1<sup>st</sup> Jan'23. The table below shows the expected changes in FY25 P&L should the industry move to IFRS 17.

### Exhibit 30. Shift to IFRS regime would lower FY25 RoE from 8.4% to 7.4%

P&L (INR mn)	Current	IFRS	% change	Absolute Change	Remarks
GWP	67,622	67,622			
Reinsurance ceded	13,928	13,928			
NWP	53,694	53,694			
Change in URR	4,750	4,750			
NEP	48,945	48,945			
Investment income	2,874	2,834	-1.4%	-40	Amount equal to Financial Instruments
Other income	1,425	1,425			
Total income	53,243	53,203			
EOM	21,477	20,675	-3.7%		
Net commissions	10,646	9,838	-7.6%	-808	Amount equal to Insurance Contracts
Opex	10,831	10,837	0.1%	-6	
- Employee costs	6,634	6,620		-14	Amount equal to Employee Benefits
- Advertisement & publicity	2,064	2,064			
- Other expenses	2,133	2,153	0.9%	20	Amount equal to Leases
Premium deficiency	0	0			
Incurred claims	29,965	29,965			
- Paid	28,847	28,847			
- Change in IBNR	1,118	1,118			
Total expenses	51,442	50,640	-1.6%		
Underwriting profits	-2,498	-1,696	-32.1%		
Provisions for bad debts & investments	0	0			
Operating profits	1,800.4	2,562.4	42.3%	-762	
Appropriations	1,800	2,562	42.3%		
- Transfer to P&L	1,800	2,562	42.3%		
- Transfer to reserves					
Non-operating a/c (SH a/c)					
Income	3,855	4,617	19.8%	-762	
- Transfer from PH funds	1,800	2,562	42.3%	-762	
- Investment income	1,925	1,925			
- Other income	130	130			
Expenses	1,720	1,857			
- Non-EOM expenses	1,713	1,850		137	Amount equal to Share-based instruments
- Provisions for bad debts & investments	6	6			
PBT	2,135	2,760	29.3%	-625	
Tax	0	728		728	Amount equal to Income Taxes
PAT	2,135	2,032	-4.8%	103	
Key Ratios					
EOM to NWP	40%	38.5%	-1.5%		
Net commission ratio	19.8%	18.3%	-1.1%		
Expense ratio	40.0%	38.5%	-1.5%		
Return on average Net Worth	8.4%	7.4%	0.5%		

Source: JM Financial, Company

Niva Bupa reported a RoE of 7.4% in FY25 under IFRS, compared to 8.4% under IGAAP. The key driver of this variance was the recognition of INR 728mn in income tax expenses under IFRS, which weighed on the bottom line and diluted profitability metrics.

Further, differences in accounting treatment of certain expenses between IFRS and IGAAP also impacted reported earnings, thereby influencing the RoE calculation. While the operational

performance of the business is unchanged, the accounting adjustments under IFRS result in a lower reported ROE vs. IGAAP, highlighting the importance of comparing results on a like-for-like basis.

The company had a debit balance of INR 7.2bn in its P&L account, which we expect to be extinguished only by FY28e; hence, we do not expect any taxes to be paid in its IGAAP financials over FY26-FY27e.

**Exhibit 31. For FY25 IGAAP RoE is higher by about 1% as compared to IFRS**

ROE Calculation	FY24	FY25	FY24 IFRS	FY25 IFRS
PAT (INR mn)	830	2,135	1,064	2,032
Average Net Worth (INR mn)	29,817	30,608	21,975	32,924
ROE %	5.8%	8.4%	6.9%	7.4%

Source: Company, JM Financial

While IFRS accounting conveys a truer picture of profitability, it requires insurers to book even unrealised gains (Marked to Market gains) on its equity book into its P&L account. This makes estimation of reported profits difficult. This will introduce variability into the insurers' reported profits.

## Steady 20%+ premium growth but expect PAT to breakout only by FY28e

We expect GDPI CAGR of 24% over FY25–28e, given the strong demand for health insurance, historical growth of the segment, expanding market share of SAHIs within the space and market share gains by Niva Bupa amongst SAHIs.

Reported PAT is expected to remain subdued till FY27e before recovering to INR 4.6bn by FY28 (29% CAGR). This is a result of the company seeing its book age, and strong growth in the group business, driving the claims ratio higher. Even though we expect opex ratio to improve hereon, the decline in opex ratio will offset the rise in claims ratio only by FY28e.

### Expect opex ratio to improve with incremental scale

#### Combined ratio

The combined ratio (COR) is a key measure of an insurer's efficiency, reflecting the aggregate of net claims ratio (net claims incurred/net earned premium) and expense ratio (expense of management/net written premium). A COR above 100% indicates underwriting losses, with profitability relying solely on investment income. Among SAHIs, Niva Bupa stands out with the lowest combined ratio of 99% in FY25, improving from 107% in FY19. This consistent reduction demonstrates its disciplined underwriting practices and superior cost management, enabling the company to sustain profitability at the underwriting level.

#### EOM (Expense of Management) norms provide comfort on sustained growth

EOM is an encompassing term for all the costs incurred by an insurer except claims. It consists of two major heads: Operating expenses, and commissions. To curb excessive payment of commissions, IRDAI came up with modified EOM regulations in 2023. This regulation set the limit on total EOM that a health insurer can expend at 35% of its GWP and came into effect from 1<sup>st</sup> Apr'24.

Niva Bupa has taken initiatives, particularly technology led, such as customer sourcing, underwriting, payments, claims, etc., which are helping it in the day-to-day business. This enables the company to reduce costs and improve operational efficiency. Also, the company was successful in reducing the EOM % from 45% in FY22 to 38% in FY25. We expect its EOM to be stable and expect it to be 35% by FY27e.

#### Net claims ratio (loss ratio)

Net claims paid to insured customers forms a major part of the total expenses incurred by a health insurer. Notably, it is affected by an important metric called claims settlement ratio of the company – a key comparable used by customers to select an insurer. Thus, the net claims ratio (net incurred claims/net earned premium) depends on the customer profile, vintage and sourcing geography in addition to the underwriting quality of the insurer. Net claims ratio for SAHIs was ~58-68% for FY24. We expect the claims ratio for Niva Bupa to be stable at 63% over FY25-26e.

#### Commission and Opex

In terms of opex ratio, Niva Bupa has maintained its industry-leading stance owing to extensive expertise in efficient claim processing. Net commission ratio for Niva Bupa in FY25 was (20%), which was at par with its SAHI peers. As a result of its operational efficiencies and digital presence, Niva Bupa has scope to increase its commissions and drive premium growth going ahead.

#### Omni channel distribution strategy can drive COR downwards

Niva Bupa's omni-channel approach features 212 physical branches as of FY25 and a network of 180,905 individual agents, up from 103,815 in FY22—the second-highest growth in the sector. Products are distributed via 103 banks and corporate partners and 540 brokers. The company relies heavily on its digital stack, with 99.9% of new policies processed digitally, helping to streamline operations and drive down costs.

Over the last year, it has broadly maintained a channel mix of 30/30/30/10 among individual agents / corporate agents (banks & others) / brokers (including Policy bazaar) / direct channels.

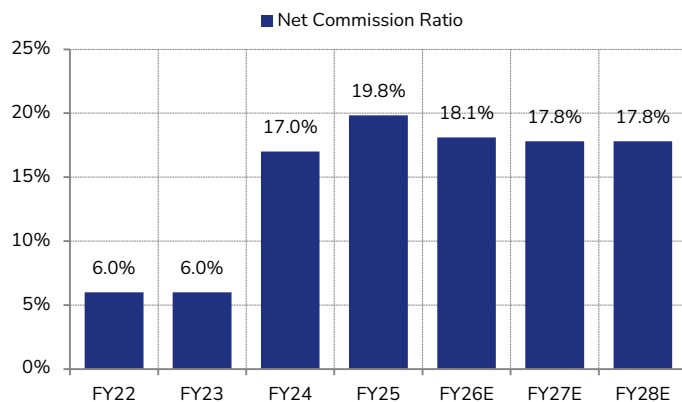
This implies that it can capitalise on any opportunity to expand through any of the four major channels – for instance, it stands to benefit from a potential relaxation by IRDAI allowing individual agents to tie up with multiple SAHIs.



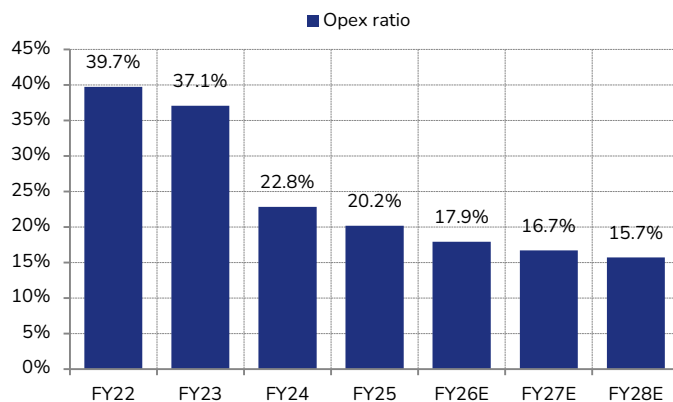
**Exhibit 32. A diversified channel mix provides comfort on sustained 20%+ growth**

Channel Mix (Cumulative)	2Q25	3Q25	4Q25	1Q26
Individual Agents	30.1%	29.7%	29.7%	29.7%
Corporate Agent - Banks	20.8%	20.3%	20.1%	19.4%
Corporate Agent - Others	8.7%	8.2%	7.5%	10.1%
Brokers	27.2%	29.0%	30.6%	28.8%
Direct Business	12.7%	12.2%	11.5%	11.3%
Others	0.5%	0.6%	0.6%	0.7%

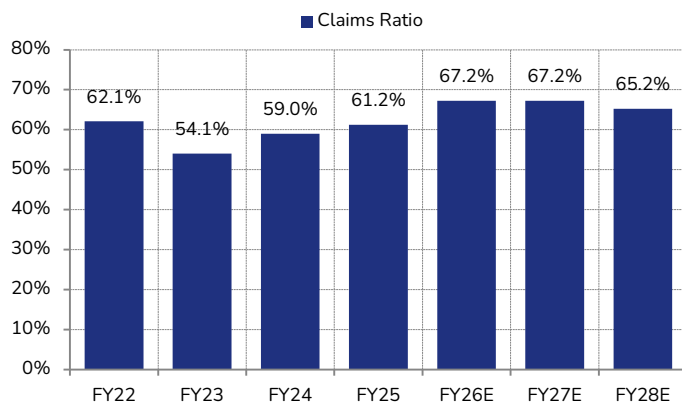
Source: Company, JM Financial

**Exhibit 33. Net commission ratio is expected to remain rangebound**

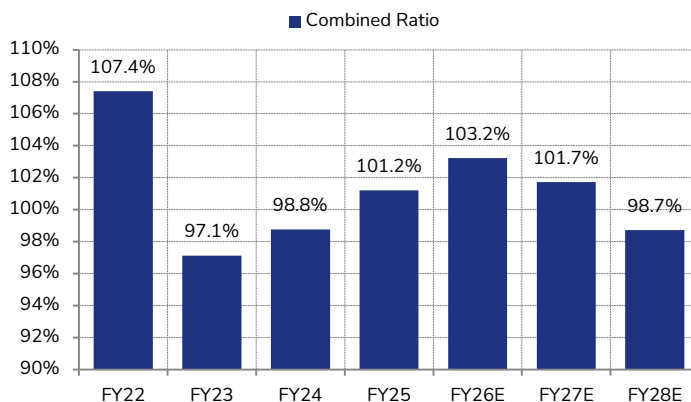
Source: Company, JM Financial

**Exhibit 34. Opex ratio is expected to reduce with operating leverage**

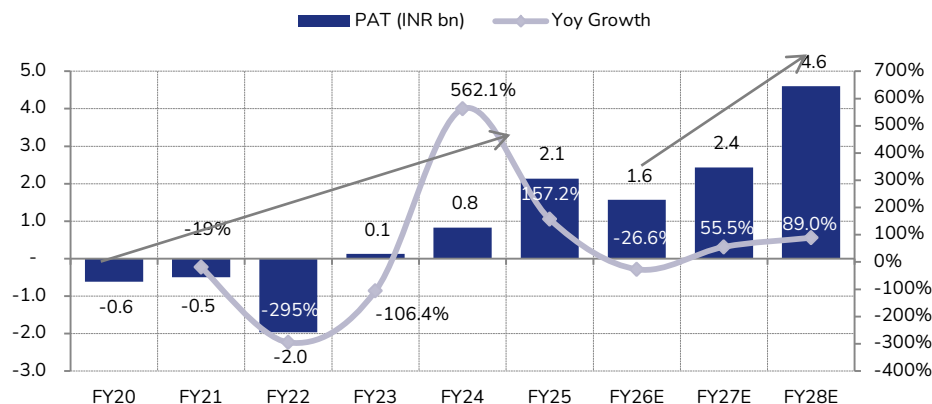
Source: Company, JM Financial

**Exhibit 35. Claims ratio expected to increase further**

Source: Company, JM Financial

**Exhibit 36. COR to deteriorate despite improving opex ratio**

Source: Company, JM Financial

**Exhibit 37. PAT to breakout only by FY28e**

Source: Company, JM Financial

## All stars aligned on the regulatory front

The government's flagship vision, "Insurance for All by 2047," marks a significant milestone in India's efforts to strengthen financial security and healthcare inclusion. With the aim of universal coverage, this initiative seeks to make health insurance both accessible and affordable, ensuring wider penetration across diverse demographics. The removal of GST from health insurance premiums aligns strongly with this national goal, altering both affordability and market dynamics.

### Exemption of GST on retail health insurance

Previously, health insurance premiums attracted 18% GST, substantially raising the effective cost for policyholders. For many families, especially from the middle-income segment, this extra burden acted as a deterrent to purchasing insurance. Health insurance was often seen less as a necessity and more as a discretionary product due to these high costs. This barrier limited penetration and slowed the pace of adoption, leaving large parts of the population without adequate financial protection.

The recent removal of GST on health insurance premiums directly addresses this challenge. By eliminating the tax, premiums will become more affordable and accessible. The cost reduction is particularly significant for first-time buyers, as it lowers the entry barrier to purchasing health insurance. For existing customers, cheaper premiums may encourage upgrades in coverage, whether by increasing the sum insured or moving toward family floater policies that cover more dependents. This affordability shift has clear potential to reshape purchase behavior in a meaningful way.

### Short-term profitability challenge

For insurers, however, the reform brings short-term challenges. Under the earlier structure, companies could claim input tax credit (ITC) to offset GST paid on operational spends like technology, distribution, and hospital partnerships. With premiums now GST-free, ITC claims are no longer possible, yet operational costs continue to attract GST. This disconnect creates near-term margin pressure, compelling insurers to improve cost efficiency and reprioritise resource allocation.

In our note on the exemption of GST on retail health insurance products [\[link\]](#), we had mentioned that even when the health insurers undertake a price hike; landed cost to the customer reduces, resulting in a higher impetus to buy health cover. Further, the impact of ITC (Input Tax Credit) on financials in the interim, till the insurers can undertake price hikes, will reduce short-term impact on profitability to a large extent.

### Composite licences open up new, under-penetrated, adjacent markets

In draft Insurance (Laws) Amendment bill introduced in Dec'22, the government proposed licensing of composite insurers, who can underwrite life and non-life businesses, implication being that life insurers can again start underwriting indemnity-based health policies.

- Insurers can use their distribution strengths to cross-sell; for instance, a SAHI can underwrite life insurance or motor business through its tied agents.
- Till Jul'16, IRDAI had allowed life insurers from underwriting indemnity-based health products, i.e., products in which the insurer bears the actual costs of hospitalisation and other health eventualities, not amounting to death. However, they were allowed to continue with benefits based- products, i.e., products which provide a pre-defined sum on any health condition, for instance, a cancer cover of INR 1mn would entail the insurer paying INR 1mn in case the life assured is detected with it.
- We looked at the combi-plan, HDFC Life Click2Protect Health. In the product we sampled, we see that the health premium is underwritten by HDFC Ergo health (the erstwhile Apollo Munich business) and life premium is underwritten by HDFC Life. If we look dispassionately, we are actually buying two separate plans from the two insurers, both of which are, incidentally, subsidiaries of HDFC Bank. In contrast, in other Asian markets, we see longer-term products, which may become a reality in India too. Globally, companies like Ping An report their life and health businesses under one head, which is valued on EV/VNB.
- Indemnity-based health policies involve significant operational capability as every claim needs to be scrutinised by the health insurer – including the doctor's prescription and corresponding bill from the hospital/clinic. STAR Health employed 800 claims officers to process claims in

FY24. While use of third party administrators, like MediAssist, may reduce operational requirements for life insurers, their development suggests the complexity of claims processing.

- We expect that SAHIs, like Niva Bupa, can keep gaining market share in the health insurance space, even if composite licences allow life insurers to enter the space, with their big distribution muscle.

### **Liberalisation of insurance tie-ups - to impact agency more than banca**

As part of its Insurance for All initiative, the regulator has liberalised the number of tie-ups an intermediary can have with insurers. For instance, while earlier, a corporate agent (including and importantly, banks) could tie up with 3 life insurers, 3 multi-line general insurers and 3 SAHIs, they have now been allowed to tie-up with nine insurers in each of the categories. Our channel checks suggest that this has had limited impact on general insurers.

- For individual agents, anecdotal evidence suggests most productive, career agents tied up with a life insurer had another tie-up with some other insurer in the same category by holding licensed tie-ups in their spouse/relatives' names.
- Insurers suggest that the top 20% of their agents sell 80% of their premiums, and a large majority of them are offering products from multiple insurers, though they remain primarily connected through a better understanding and appreciation of products from their tied-up insurers.
- With a more distributed channel mix, Niva Bupa is expected to see a lower impact from agents being allowed multiple partnerships than its larger peer – Star Health.

### **Expenses of Management - have hit opex ratios, can reduce dominance**

When EoM regulations were updated w.e.f. 1<sup>st</sup> Apr'23, insurers got room to flexibly structure payments towards acquisition costs.

- While multi-line insurers have been mandated expenses to the limit of 30% of GWP, SAHIs have been allowed to go up to 35%.
- As caps on commission were liberalised, players with contracted fixed expenses for sales and marketing suffered.
- Larger players have a natural advantage in EOM to GWP, as their scale provides for better fixed cost absorption.
- There are exemptions for 1/n accounting and Insurtech applications to expand penetration, hence, we expect Niva Bupa to meet its EOM targets over FY26-FY27e.

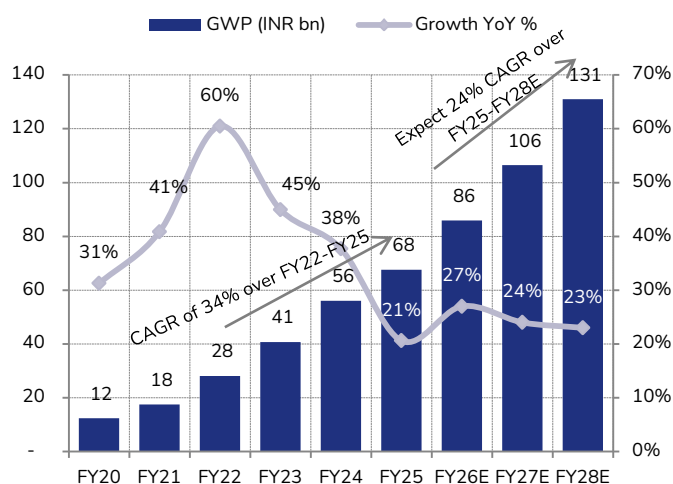
## Financial Summary

Over FY22-FY25, the company has reported growth of 34% CAGR on GWP basis and 41% on NEP basis. However, with growing scale, we expect growth to taper. The company itself is targeting mid-twenties growth in its GWP over a 5-year period, starting in FY24. We expect growth of 26%/24%/23% in FY26/FY27/FY28e.

We expect the claims ratio to pick up hereon – stabilising on a YoY basis to 67.2%/67.2%/65.2% by FY26/FY27/FY28e. At the same time, opex ratio should come down by an average of 135bps to 36.2%/34.7%/33.7% by FY26/FY27/FY28e. Hence, combined ratio improves to 103.2%/101.7%/98.7% by FY26/FY27/FY28e.

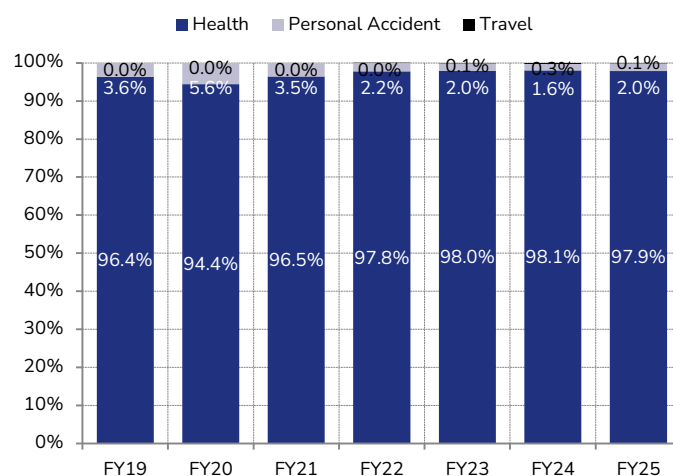
With the fresh issue in its IPO, the company has seen its investment book expand. With the growth opportunities available, we do not expect it to pay dividends – hence, the retained earnings should support compounding investment income – resulting in a run-rate of INR 5.9bn/6.4bn/7.0bn in FY26/FY27/FY28e. With taxation coming in, we expect PAT of INR 1.6bn/ INR 2.4bn/INR 4.6bn in FY26/FY27/FY28e.

**Exhibit 38. GWP is expected to grow at 24% CAGR over FY25-28E**



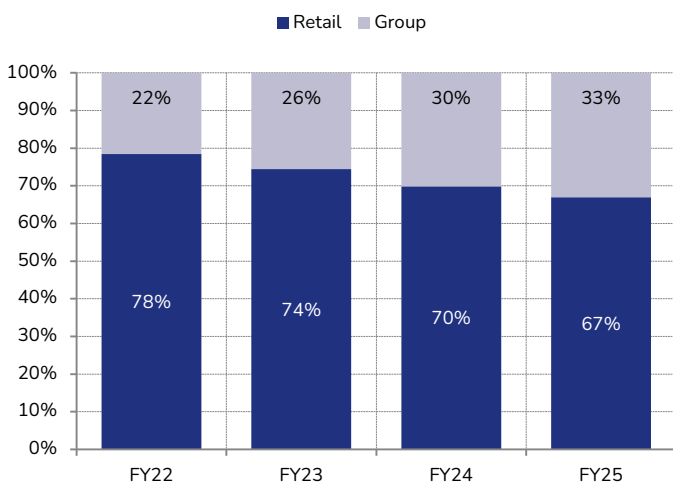
Source: IRDAI, JM Financial

**Exhibit 39. Health segment contributes over 98% to NWP**



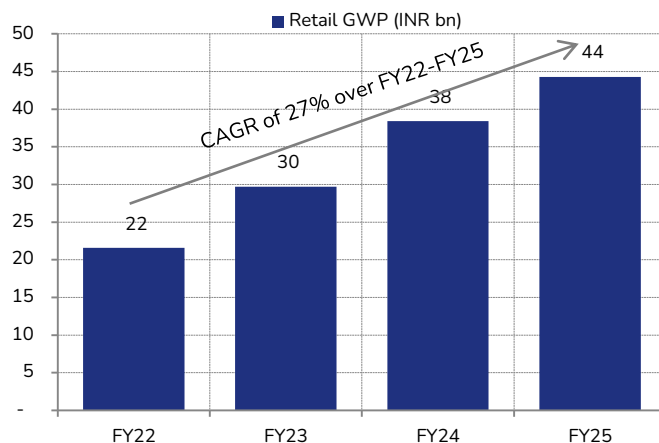
Source: IRDAI, JM Financial

**Exhibit 40. Group segment now constitutes a large chunk...**

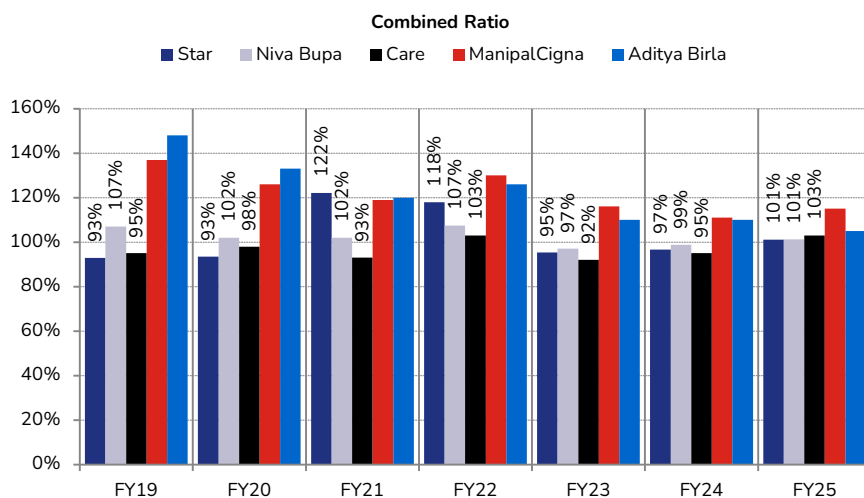


Source: IRDAI, JM Financial

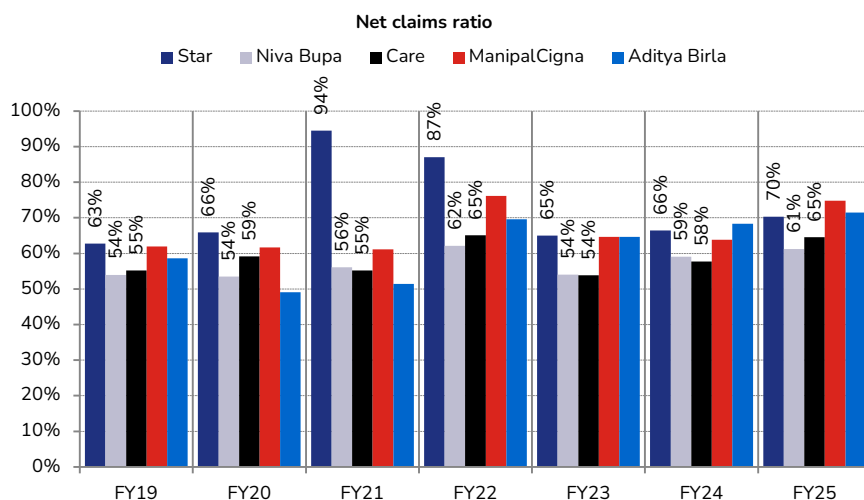
**Exhibit 41. ...even as retail GWP grew at 27% CAGR over FY22-25**



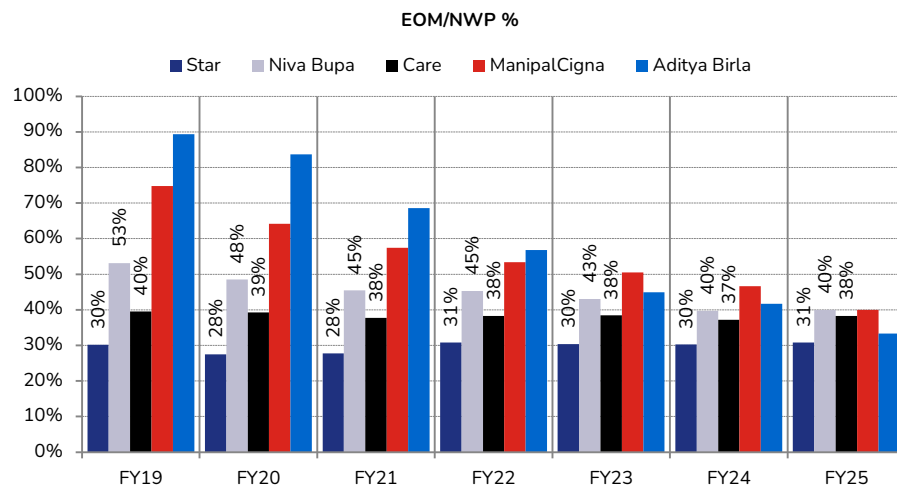
Source: IRDAI, JM Financial

**Exhibit 42. Niva had reported CoR of ~101% for FY25**

Source: Company, JM Financial

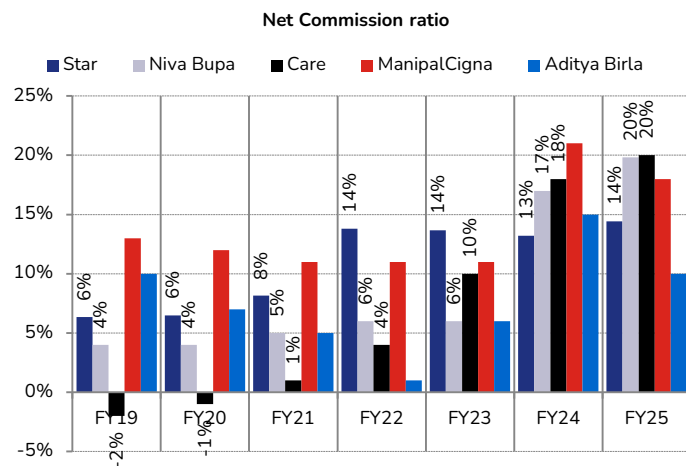
**Exhibit 43. Claims ratio has been range-bound over the years across SAHIs**

Source: Company, JM Financial

**Exhibit 44. Niva Bupa is improving its opex ratio to align with the regulatory cap**

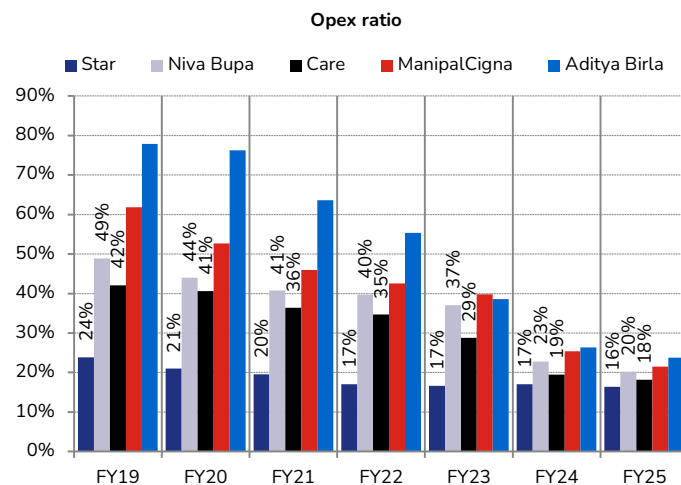
Source: Company, JM Financial

Exhibit 45. Commission increases to drive growth for Niva Bupa



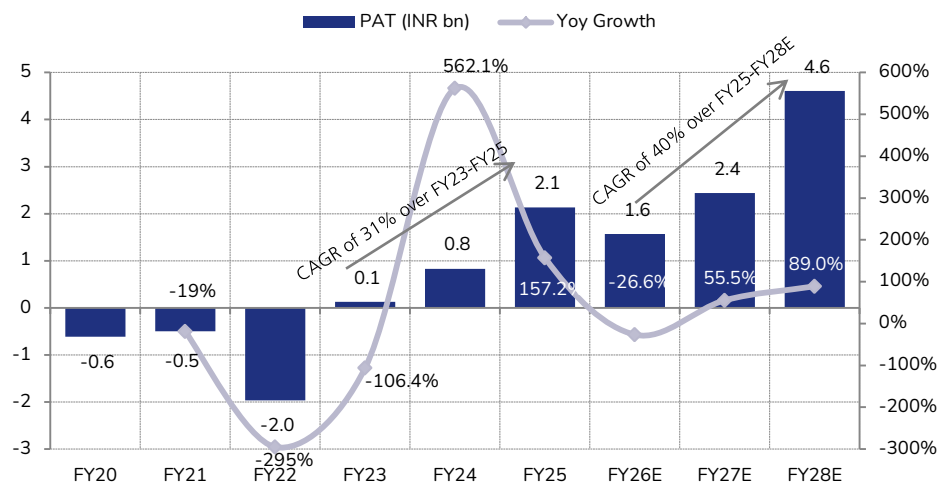
Source: Company, JM Financial

Exhibit 46. Improving ratio indicates operational excellence for Niva



Source: Company, JM Financial

Exhibit 47. PAT to breakout only by FY28e



Source: Company, JM Financial

## Exhibit 48. Niva Bupa annual performance

(INR mn)	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
<b>GWP</b>	<b>28,100</b>	<b>40,730</b>	<b>56,076</b>	<b>67,622</b>	<b>85,204</b>	<b>105,653</b>	<b>129,953</b>
Reinsurance ceded	6,523	8,899	11,866	13,928	17,552	21,765	26,770
<b>NWP</b>	<b>21,576</b>	<b>31,831</b>	<b>44,210</b>	<b>53,694</b>	<b>67,652</b>	<b>83,889</b>	<b>103,183</b>
Change in URR	4,051	5,204	6,097	4,750	6,979	8,118	9,647
<b>NEP</b>	<b>17,525</b>	<b>26,628</b>	<b>38,113</b>	<b>48,945</b>	<b>60,673</b>	<b>75,770</b>	<b>93,536</b>
Investment income	53	35	1,667	2,874	3,325	3,557	3,906
Other income	3,537	4,950	2,176	1,425	142	157	172
<b>Total income</b>	<b>21,115</b>	<b>31,613</b>	<b>41,956</b>	<b>53,243</b>	<b>64,141</b>	<b>79,484</b>	<b>97,614</b>
EOM	9,772	13,710	17,568	21,477	24,355	28,942	34,566
Net commissions	1,204	1,908	7,482	10,646	12,243	14,936	18,371
Opex	8,567	11,802	10,086	10,831	12,112	14,005	16,195
- Employee costs	4,431	6,116	6,382	6,634	7,430	8,619	9,912
- Advertisement & publicity	2,955	3,590	1,773	2,064	2,311	2,681	3,083
- Other expenses	1,181	2,096	1,931	2,133	2,370	2,705	3,199
Premium deficiency	0	0	0	0	0	0	0
Incurred claims	10,886	14,393	22,495	29,965	40,786	50,935	61,007
- Paid	10,512	13,481	21,936	28,847			
- Change in IBNR	374	912	559	1,118			
Total expenses	20,658	28,103	40,064	51,442	65,141	79,876	95,573
<b>Underwriting profits</b>	<b>-3,133</b>	<b>-1,476</b>	<b>-1,951</b>	<b>-2,498</b>	<b>-4,468</b>	<b>-4,106</b>	<b>-2,037</b>
Provisions for bad debts & investments	-	-	-	-	-	-	-
<b>Operating profits</b>	<b>457</b>	<b>3,509</b>	<b>1,892</b>	<b>1,800</b>	<b>-1,000</b>	<b>-393</b>	<b>2,041</b>
Appropriations	457	3,509	1,892	1,800	-1,000	-393	2,041
- Transfer to P&L	457	3,509	1,892	1,800	-1,000	-393	2,041
- Transfer to reserves	-	-	-	-	-	-	-
Non-operating a/c (SH a/c)							
Income	905	4,131	3,299	3,855	1,749	2,637	5,306
- Transfer from PH funds	457	3,509	1,892	1,800	-1,000	-393	2,041
- Investment income	375	560	1,375	1,925	2,606	2,873	3,093
- Other income	72	62	32	130	143	157	173
Expenses	2,870	4,005	2,469	1,720	182	201	222
- Non-EOM expenses	2,848	3,995	2,451	1,713	171	188	207
- Provisions for bad debts & investments	22	10	18	6	11	13	15
<b>PBT</b>	<b>-1,965</b>	<b>125</b>	<b>830</b>	<b>2,135</b>	<b>1,567</b>	<b>2,436</b>	<b>5,085</b>
Tax	-	-	-	-	-	-	479
<b>PAT</b>	<b>-1,965</b>	<b>125</b>	<b>830</b>	<b>2,135</b>	<b>1,567</b>	<b>2,436</b>	<b>4,606</b>

Source: Company, Company, JM Financial



## Quarterly performance

Niva Bupa has reported interesting results in the last 2 quarters – 4QFY25 saw the company report strong numbers – PAT went up 1456%/31% QoQ/YoY, as it booked strong premiums, led by two large group accounts. With the 50/50 accounting, it translated into NEP. With the strong premiums booked in 4QFY25, 1QFY26 saw weak growth in earned premiums, down 20% QoQ, up 20% YoY. As a result, PAT also fell 144% QoQ; also, it was down 356% YoY.

On a steady state basis, without any one-offs, we expect the company to report GWP growth of 10% to INR 19.5bn, and NEP growth of 21% to INR 14.8bn in 2QFY26. With a claims ratio of 75% and a combined ratio of 111%, we expect it to report underwriting loss of INR 2.7bn. With steady investment income of INR 1.6bn (+4% QoQ, +46% YoY), we expect the company to report loss of INR 1.8bn in 2QFY26.

### Exhibit 49. Niva Bupa quarterly performance

Earnings Table (INR mn)	2Q25	3Q25	4Q25	1Q26	2Q26E	YoY (%)	QoQ (%)
Net earned premiums	12,132	11,358	15,274	12,200	14,787	21.9%	21.2%
Net claims incurred	7,423	7,398	8,616	9,499	11,090	49.4%	16.7%
Net commissions	2,803	2,608	2,955	2,598	3,223	15.0%	24.1%
Opex re. to insurance business	2,787	2,365	3,127	2,439	3,205	15.0%	31.4%
<b>Underwriting result</b>	<b>-881</b>	<b>-1,013</b>	<b>576</b>	<b>-2,336</b>	<b>-2,732</b>	<b>210.3%</b>	<b>16.9%</b>
Investment income	682	679	938	868	1,042	52.8%	20.0%
Other income	783	368	-565	16	16	-97.9%	3.0%
<b>Operating Profit</b>	<b>585</b>	<b>34</b>	<b>949</b>	<b>-1,452</b>	<b>-1,674</b>	<b>-386.3%</b>	<b>15.3%</b>
Investment income-Shareholders' A/C	399	543	496	642	771	93.3%	20.0%
<b>Profit before tax</b>	<b>130</b>	<b>132</b>	<b>2,061</b>	<b>-914</b>	<b>-903</b>	<b>-793.4%</b>	<b>-1.3%</b>
Taxes	0	0	0	0	0	0%	0%
<b>Profit after taxes</b>	<b>130</b>	<b>132</b>	<b>2,061</b>	<b>-914</b>	<b>-903</b>	<b>-793.4%</b>	<b>-1.3%</b>
Loss ratio	61.2%	65.1%	56.4%	77.9%	75.0%	13.8%	-3.7%
EOM to NWP	40.1%	43.2%	36.4%	39.1%	36.0%	-4.1%	-8.0%
<b>Combined ratio</b>	<b>101.3%</b>	<b>108.3%</b>	<b>92.8%</b>	<b>117.0%</b>	<b>111.0%</b>	<b>9.7%</b>	<b>-5.1%</b>

Source: Company, JM Financial

## Key risks

### Inability to meet regulatory cap on EOM may require it to forgo good business

SAHIs are required to limit their expenses of management to 35% of gross written premiums, which Niva Bupa has so far failed to do. If it is unable to meet IRDAI guidelines, it may be required to limit distribution pay-outs – constraining itself out of the lucrative banca business, in which it has a strong presence.

### Competition in diverse channels can disrupt its diverse channel mix

The largest SAHI, Star Health, has largely focused on individual agents for growth till now. However, it has adopted an ABCD framework to diversify its channel mix. Since the larger peer has lower EOM ratios, it can out-pay Niva Bupa in banca and digital channels to acquire customers, impacting its growth.

### Increasing competition can put pressure on profitability

Led by the strong growth in health insurance (and a weakness in other segments of general insurance), peer general insurers are becoming aggressive in the segment. Amongst larger players, ICICI Lombard and Bajaj Allianz is aggressive in health insurance, while competition is expected from Prudential Plc., Jio-Allianz and a possible entry of life insurers into the market if composite licences were introduced by IRDAI. This can put pressure on growth by finer pricing and increased distribution payouts.

### Claims ratio increases ahead of a corresponding fall in opex ratio

For Niva Bupa to maintain its underwriting profits, it needs to reduce its opex ratio more than the increase in claims ratio as its book ages. However, increasing competition may force it to incur higher cost of acquisition. Hence, it may be unable to reduce its combined ratio.

### Decline in reported profits despite strong growth and fundamentals

While the company is underwriting good business and growing its book aggressively, we estimate its profits to reduce in FY26e over FY25 and expect a breakout only in FY28e. Further, as income tax impact plays out over FY28e onwards, profit growth is expected to remain subdued in FY29e as well.

## Appendix: Company profile

Niva Bupa Health Insurance Company Limited, formerly Max Bupa, is a leading standalone health insurance provider in India. Founded in 2008 as a joint venture between Max India and UK-based Bupa, the company serves over 10mn customers through a network of 10,000+ hospitals. It offers a wide portfolio of products including individual, family, senior citizen, critical illness, and group policies, with a reputation for quick claim approvals and customer-focused services.

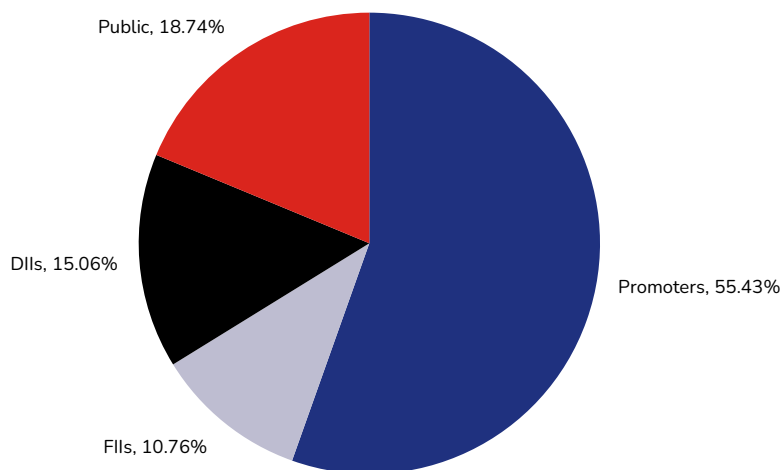
Over time, Niva Bupa has seen major milestones, including its rebranding in 2021 and multiple fund-raising rounds to strengthen its capital base. In Dec'23, it raised INR 8,000mn through equity allotment, and in 2024, it became a subsidiary of Bupa Singapore Holdings Pte. Ltd, further cementing its global expertise and strong presence in India's health insurance market.

### Exhibit 50. Major events and milestones in the history of the company

Date	Particulars
2008	The company was incorporated in September 2008 as a joint venture between Max India Limited and Bupa Singapore Holdings Pte. Ltd.
2010	The Company was granted registration certificate by the IRDAI to carry general insurance business in February, 2010.
2016	Bupa Singapore Holdings Pte. Ltd. increased its shareholding in the Company from 26% to 49% following relaxation in FDI norms, in July 2016
2019	Fettle Tone LLP became a shareholder in the company pursuant to the acquisition of Equity Shares of the Company from Max India Limited and Bupa Singapore Pte. Ltd
2021	1. Pursuant to the acquisition of the Equity Shares of the company by Fettle Tone LLP from Max India Limited, the company changed its name from "Max Bupa Health Insurance Company Limited" to "Niva Bupa Health Insurance Company Limited" in July 2021 2. The company raised INR 1,500mn of subordinated debt by issuing non-convertible debentures.
2022	The company raised INR 1,000mn of subordinated debt by issuing non-convertible debentures.
2023	The company raised INR 8,000mn through preferential allotment of its Equity Shares to Paragon Partners Growth Fund II, V-Sciences Investments Pte Ltd, India Business Excellence Fund IV, and SBI Life Insurance Company Limited in December 2023.
2024	The company became a subsidiary of Bupa Singapore Holdings Pte. Ltd. upon its acquisition of 366,381,439 Equity Shares of our Company from Fettle Tone LLP.

Source: Company, JM Financial

### Exhibit 51. Shareholder pattern as of Jun'25



Source: Company, JM Financial

**Exhibit 52. Board of directors**

Name	Designation
Mr. Chandrashekhar Bhaskar Bhave	Chairman and Independent Director
Mr. Krishnan Ramachandran	Managing Director & CEO
Mr. Pradeep Pant	Independent Director
Ms. Geeta Dutta Goel	Independent Director
Mr. David Martin Fletcher	Non-executive Director
Mr. Divya Shegal	Non-executive Director
Mr. Maninder Singh Juneja	Non-executive Director
Ms. Penelope Ruth Dudley	Non-executive Director
Mr. Carlos Antonio Jaureguizar Ruiz Jarabo	Non-executive Director

Source: Company, JM Financial

## Board of Directors

### Exhibit 53. Board of Director

Mr. Chandrashekhar Bhaskar Bhave	Chairman and Independent Director	Mr. Chandrashekhar Bhaskar Bhave is an alumnus of Jabalpur Engineering College, Jabalpur, Madhya Pradesh. He has been associated with the company since December 16, 2019. He has experience in the state and central administrative services and securities regulation. He was with the Indian administrative services and has worked in different positions with State Governments and the Central Government. He has held the position of a senior executive director of SEBI during the years 1992 to 1996. He has also served as the chairman and managing director of NSDL during the years 1996 to 2008. Further, he has served as the chairman of SEBI during the years 2008 to 2011. During this period, he was also the chairperson of the Asia-Pacific Regional Committee and a member of the technical and the executive committees of the International Organization of Securities Commission. He was a trustee of the IFRS foundation based in London.
Mr. Krishnan Ramachandran	Managing Director and Chief Executive Officer	Mr. Krishnan Ramachandran holds a bachelor's of technology in electrical and electronic engineering from Indian Institute of Technology, Madras, Tamil Nadu and holds a postgraduate diploma in management from Indian Institute of Management, Calcutta, West Bengal. He has been associated with the company since April 2020. He has over 24 years of experience across health insurance, healthcare & life sciences industries. Previously, he has been associated with Apollo Munich Health Insurance Company Limited as their chief executive officer and has been a consultant with Deloitte Consulting L.P. and Arthur Andersen. He has also been associated with Apollo DKV Insurance Company Ltd. as their chief operating officer in 2007.
Mr. Dinesh Kumar Mittal	Independent Director	Mr. Dinesh Kumar Mittal holds a master's degree in physics from the University of Allahabad, Uttar Pradesh. He has been associated with the company since February 2, 2018. He is a retired Indian Administrative Service officer of 1977 batch with the Uttar Pradesh cadre. Previously, he has served with the Government of India as secretary in the Department of Financial Services, the Ministry of Finance, secretary in the Ministry of Corporate Affairs and additional secretary in the Department of Commerce, the Ministry of Commerce and Industry. He has served as a director on the Central Board of Directors of Reserve Bank of India.
Mr. Pradeep Pant	Independent Director	Mr. Pradeep Pant holds a bachelor's degree in arts (honours course) from the Delhi University in year 1975, bachelor's degree in economics from the Shri Ram College of Commerce, Delhi University and master's degree in management studies from Jamnalal Bajaj Institute of Management Studies, Bombay University in year 1976. He has been associated with the company since January 20, 2015. Previously, he has been associated with Mondelēz International as the executive vice-president and president of Asia Pacific and Eastern Europe, Middle East and Africa. He is also the founding president of Food Industry Asia and an advisory board member of SMU Lee Kong Chian School of Business.
Ms. Geeta Dutta Goel	Independent Director	Ms Geeta Dutta Goel holds a bachelor's degree in commerce from University of Delhi and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, Gujarat. She is presently the managing director, India at the Michael & Susan Dell Foundation.
Mr. David Martin Fletcher	Non-Executive & Director nominee of Bupa Singapore Holdings Pte. Ltd	Mr. David holds a bachelor's degree in modern history from Durham University, United Kingdom. He commenced in the role of chief risk officer for Bupa in 2017. He has been with Bupa since 2014 and previously held roles as chief internal auditor and managing director of Bupa International Development Markets. He is a member of the chief executive committee at Bupa and vice chairman and director of Bupa Arabia For Cooperative Insurance Company. Previously, he was serving as president director of Bank Permata in Indonesia and served as the group head, internal audit across the Standard Chartered Group. Prior to this he held executive positions in general management and risk management at Standard Chartered Bank.
Mr. Divya Sehgal	Non-Executive Director	Mr Divya holds a bachelor's of technology in electrical engineering from Indian Institute of Technology, Delhi and holds a post graduate diploma in management from Indian Institute of Management, Bengaluru, and Karnataka. He has been associated with our Company since December 2019. Currently, he is associated with True North Managers LLP as a partner. Previously, he has been the chief operating officer of Apollo Health Street Private Limited and also he has been a consultant with McKinsey & Company.
Mr. Maninder Singh Juneja	Non-Executive Director	Mr. Maninder Juneja holds a bachelor's degree in civil engineering from Maharaja Sayajirao University of Baroda and a post graduate diploma in management from Indian Institute of Management Society, Lucknow, and Uttar Pradesh. He has been associated with the company since December 2019. Currently, he is associated with True North Managers LLP as a partner. Previously, he has been associated with Godrej GE Appliances Limited, SRF Finance Limited as business manager of corporate finance, Whirlpool of India Limited as business manager, ICICI Bank Limited as group executive and National Bulk Handling Corporation Private Limited as managing director and chief executive officer. He has over 25 years of experience in the banking and finance industry.
Ms. Penelope Ruth Dudley	Non-Executive Nominee Director	Ms Penelope holds a first-class honours degree in international business and law from Queensland University of Technology, Australia. She commenced in the role of chief legal officer for Bupa in 2016. She has been with Bupa since 2010 and previously held roles as legal & corporate affairs director of Bupa Global, and head of legal of Bupa International. She is a member of the chief executive committee at Bupa and a director of a number of Bupa's regulated subsidiaries and joint venture companies.
Mr. Carlos Antonio Jaureguizar Ruiz Jarabo	Non-Executive Director	Mr. Carlos holds a business administration degree from Complutense University of Madrid, Spain and has completed the Advanced Management Program (AMP) from the Harvard Business School, United States of America. He commenced in the role of chief executive officer for Bupa Global and UK Market Unit in 2021 (now known as Bupa Global, India and UK). He has been with Bupa since 2006 and previously held roles as chief financial & strategy officer of Europe & Latin America (ELA) Market Unit and general manager, Bupa Chile. He is a member of the chief executive committee at Bupa.

Source: Company, JM Financial

**Exhibit 54. Management team**

Name	Designation
Mr. Krishnan Ramachandran	Managing Director & CEO
Mr. Vishwanath Mahendra	Chief Financial Officer
Mr. Ankur Kharbanda	Chief Distribution Officer
Mr. Bhabatosh Mishra	Director- Claims, Underwriting & Product
Mr. Padmesh Nair	Director-Operations & Customer Service
Mr. Partha Banerjee	Director & Head- Legal Compliance and Regulatory Affairs, Chief Compliance Officer
Mr. Tarun Katiyal	Director and Chief Human Resources Officer
Mr. Dhiresht Rustogi	Director and Chief Technology Officer
Mr. Nimish Agrawal	Executive Vice President and Head Marketing
Mr. Manish Sen	Senior Vice President Appointed Actuary
Mr. Joanne Elizabeth Woods	Chief Risk Officer and Senior Vice President
Mr. Vikas Jain	Executive Vice President And Chief investment Officer
Mrs. Smriti Manchanda	Senior Vice President and Head Internal Audit
Mr. Rajat Sharma	Company Secretary and Compliance Officer

Source: Company, JM Financial

## Financial Tables

### P&L (technical account) (INR mn)

Y/E March	FY24A	FY25E	FY26E	FY27E	FY28E
Gross premiums	56,076	67,622	85,204	105,653	129,953
Net written premiums	44,210	53,694	67,652	83,889	103,183
Net Earned Premiums	38,113	48,945	60,673	75,770	93,536
Investment income	1,667	2,874	3,325	3,557	3,906
<b>Total revenue</b>	<b>39,779</b>	<b>51,818</b>	<b>63,998</b>	<b>79,327</b>	<b>97,441</b>
Claims Incurred (net)	22,495	29,965	40,786	50,935	61,007
Commission (net)	7,482	10,646	12,243	14,936	18,371
Opex related to insurance	10,086	10,831	12,112	14,005	16,195
<b>Total expenses</b>	<b>40,064</b>	<b>51,442</b>	<b>65,141</b>	<b>79,876</b>	<b>95,573</b>
Operating Profit	1,892	1,800	(1,000)	(393)	2,041
o.w. underwriting profit	(1,951)	(2,498)	(4,468)	(4,106)	(2,037)

Source: Company, JM Financial

### P&L (Shareholder's account) (INR mn)

Y/E March	FY24A	FY25E	FY26E	FY27E	FY28E
Operating profit/(loss)	1,892	1,800	(1,000)	(393)	2,041
Income from investments	1,375	1,925	2,606	2,873	3,093
Total revenue	3,299	3,855	1,749	2,637	5,306
Total expenses	2,469	1,720	182	201	222
Profit / (Loss) before tax	830	2,135	1,567	2,436	5,085
Taxes	-	-	-	-	479
<b>Profit / (Loss) after tax</b>	<b>830</b>	<b>2,135</b>	<b>1,567</b>	<b>2,436</b>	<b>4,606</b>

Source: Company, JM Financial

### Operational metrics (INR mn)

Y/E March	FY24A	FY25E	FY26E	FY27E	FY28E
GWP growth	38%	21%	26%	24%	23%
NPE growth	43%	28%	24%	25%	23%
Retention Ratio	79%	79%	79%	79%	79%
NPE/NPW	86%	91%	90%	90%	91%
Loss Ratio	59%	61%	67%	67%	65%
Total Expense Ratio	40%	40%	36%	35%	34%
COR	99%	101%	103%	102%	99%
Yield on Policyholder A/C	7%	8%	7%	7%	7%
Yield on Shareholder A/C	7%	6%	7%	7%	7%
ROA	3.1%	5.9%	3.8%	5.7%	9.9%
ROE	3.4%	6.3%	4.1%	6.0%	10.4%

Source: Company, JM Financial

### Balance Sheet (INR mn)

Y/E March	FY24A	FY25E	FY26E	FY27E	FY28E
Investments	54,582	81,751	87,422	93,871	106,086
Fixed assets	588	753	941	1,176	1,470
Net current assets	(32,164)	(49,426)	(73,966)	(103,892)	(142,383)
Debit balance in P&L account	9,320	7,185	27,407	53,086	83,672
<b>Total assets</b>	<b>32,326</b>	<b>40,262</b>	<b>41,804</b>	<b>44,240</b>	<b>48,846</b>
Borrowings	2,500	2,500	2,500	2,500	2,500
FV change account	9	(31)	(31)	(31)	(31)
Equity Capital	16,995	18,270	18,270	18,270	18,270
Reserves and Surplus	12,822	19,523	21,064	23,500	28,106
<b>Shareholder's equity</b>	<b>32,326</b>	<b>40,262</b>	<b>41,804</b>	<b>44,240</b>	<b>48,846</b>

Source: Company, JM Financial



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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