

**Star Health and Allied Insurance Company Ltd.**
**Sector Insurance**
**Issue Highlights**

<b>Issue Open</b>	November 30, 2021
<b>Issue Close</b>	December 02, 2021
<b>Issue Price</b>	Rs. 870 - Rs. 900 per share
<b>Total Issue Size</b>	Rs. 7,249.2 cr
<i>Of which</i>	
<b>Fresh Issue</b>	Rs. 2,000 cr
<b>Offer for sale</b>	Rs. 5,249.2 cr
<b>Face Value</b>	Rs. 10 / share
<b>Market Lot</b>	16 Equity Shares
<b>Issue Type</b>	Book Built Issue

**Offer Structure**

<b>QIB Category</b>	75%
<b>Non-Institutional</b>	15%
<b>Retail category</b>	10%

**Lead Book Running Managers**

- Kotak Mahindra Capital Company Ltd.
- Axis Capital Ltd.
- BofA Securities India Ltd.
- Citigroup Global Markets India Private Ltd.
- ICICI Securities Ltd.
- CLSA India Private Ltd.
- Credit Suisse Securities (India) Private Ltd.
- Jefferies India Private Ltd.
- Ambit Private Ltd.
- DAM Capital Advisors Ltd.
- IIFL Securities Ltd.
- SBI Capital Markets Ltd.

**Registrar To The Offer**

- KFin Technologies Private Ltd.

**Rohit Khatri, MBA**

rohit.khatri@religare.com

**About the Company**

Incorporated in 2006, Star Health and Allied Insurance Company (Star Health) has grown into the largest standalone health insurance company in India with a market share of 15.8%. Its comprehensive health insurance product suite insured 20.5 million lives in FY21 in retail health and group health, which accounted for 89.3% and 10.7%, respectively, of its total health gross written premium (GWP). It distributes its health insurance policies primarily through individual agents, which accounted for 78.9% of its GWP in FY21. Individual agents are the primary method of distribution in the health insurance industry since health insurance is largely an assisted product in which customers often require help in selecting the policy best suited to their needs and during the claims process. Its total number of individual agents grew at a CAGR of 27.3% from 0.29 million as of FY19 to 0.46 million as of FY21 and was 0.51 million as of September 30, 2021. Its distribution network has grown to 779 health insurance branches spread across 25 states and 5 union territories in India. Its existing branches are also supplemented by an extensive network of over 562 sales managers stations, which are small individual service centres, and over 6,892 in-house sales managers. It has also successfully built one of the largest health insurance hospital networks in India, with 11,778 hospitals as of September 30, 2021.

**Objects of the Issue**

- To undertake its existing business activities
- To undertake the activities proposed to be funded from the net proceeds
- To receive the benefits of listing of the Equity Shares

**Valuation**

The Indian health insurance market continues to be underpenetrated, with a health insurance penetration of only 0.36% of GDP in 2019, compared to the global average of approximately 2.0% of GDP. Several demographic factors, including increasing life expectancy and population growth, as well as the high portion of out of pocket expenses as a percentage of total healthcare expenditure by patients in India (62.7% in 2018), are driving the need for healthcare services and the growth in the health insurance industry in India. Further, increased awareness of health insurance has been growing led by measures taken by the government, and this trend has been accelerated by the prospect of hospitalization due to COVID-19 as well as the rising cost of medical care in private hospitals. The gross direct premium for health insurers is expected to grow at approximately 18% CAGR over the next four years. Within this, the retail business is expected to grow at a CAGR of 23% between FY21-25 as compared to 15% and 11% CAGR growth in group and government business.

Star Health stands to benefit from positive industry growth trends given its leadership position in the attractive retail health segment. It has one of the largest and well-spread distribution networks in the health insurance industry and an integrated ecosystem. It offers a range of flexible and comprehensive coverage. The company's financial performance was impacted in FY21 due to the pandemic. Going forward, it intends to enhance its market leadership by leveraging its strong brand. It aims to enhance existing distribution channels and develop alternative channels. It also intends to focus on product innovation and provide value-added services. Moreover, the investments in digitization would help the company achieve higher operational efficiencies and better customer service.

Before you use this research report , please ensure to go through the disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 and Research Disclaimer at the following link : <https://www.religareonline.com/disclaimer>

Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 is/are as under:

Statements on ownership and material conflicts of interest , compensation– Research Analyst (RA)

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest ( if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

Copyright in this document vests exclusively with RBL. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from RBL. We do not guarantee the integrity of any emails or attached files and are not responsible for any changes made to them by any other person.

Disclaimer: <https://www.religareonline.com/disclaimer>