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Health Insurance

NIVA BUPA HEALTH INSURANCE COMPANY LIMITED

Our Company was originally incorporated as 'Max Bupa Health Insurance Limited' at New Delhi, Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated September 5, 2008, issued by the Assistant Registrar of Companies, National Capital Territory of Delhi and Haryana and was granted its certificate for commencement of business on December 23, 2008 by the Deputy Registrar of Companies, National Capital Territory of Delhi and Haryana. Thereafter, the name of our Company was changed to 'Max Bupa Health Insurance Company Limited' pursuant to a fresh certificate of incorporation dated July 30, 2009 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi (now known as Registrar of Companies, Delhi and Haryana (the "RoC")). The name of our Company was further changed to 'Niva Bupa Health Insurance Company Limited' pursuant to a fresh certificate of incorporation dated July 5, 2021 issued by the RoC. For further details in relation to the changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 254 of the prospectus dated November 12, 2024 ("Prospectus") filed with the ROC.

Registered Office: C-98, 1st Floor Lajpat Nagar, Part 1, South Delhi, New Delhi - 110 024, Delhi, India; Corporate Office: 3rd Floor, Capital Cyberscape, Sector-59, Gurugram - 122 102, Haryana, India
Telephone: +91 124 635 4900; Contact Person: Rajat Sharma, Company Secretary and Compliance Officer, E-mail: investor@nivabupa.com; Website: www.nivabupa.com; Corporate Identity Number: U66000DL2008PLC182918; IRDAI Registration Number: 145

THE PROMOTERS* OF OUR COMPANY ARE: BUPA SINGAPORE HOLDINGS PTE. LTD AND BUPA INVESTMENTS OVERSEAS LIMITED

Our Company has filed the Prospectus with the RoC and the Equity Shares are proposed to be listed on the Main Board of the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and the trading will commence on November 14, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF 297,297,296 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF NIVA BUPA HEALTH INSURANCE COMPANY LIMITED (FORMERLY KNOWN AS MAX BUPA HEALTH INSURANCE COMPANY LIMITED) ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹74 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹64 PER EQUITY SHARE) AGGREGATING TO ₹22,000.00 MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF 108,108,108 EQUITY SHARES OF FACE VALUE ₹10 AGGREGATING TO ₹8,000.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 189,189,188 EQUITY SHARES OF FACE VALUE ₹10 AGGREGATING TO ₹14,000.00 MILLION ("OFFER FOR SALE") BY THE SELLING SHAREHOLDERS (AS DEFINED BELOW), COMPRISING AN OFFER FOR SALE OF 47,297,297 EQUITY SHARES OF FACE VALUE ₹10 AGGREGATING TO ₹3,500.00 MILLION BY BUPA SINGAPORE HOLDINGS PTE. LTD AND AN OFFER FOR SALE OF 141,891,891 EQUITY SHARES OF FACE VALUE ₹10 AGGREGATING TO ₹10,500.00 MILLION BY FETTLER TONE LLP (TOGETHER WITH BUPA SINGAPORE HOLDINGS PTE. LTD, "PROMOTER SELLING SHAREHOLDERS"/ "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES"). THE OFFER PRICE IS 7.40 TIMES THE FACE VALUE OF THE EQUITY SHARES.

*Pursuant to the allotment to the successful bidders in the Offer, the post offer shareholding of Fettle Tone LLP has reduced below 25% of the paid-up share capital of the Company. Therefore, in terms of the IRDAI Approval, the Red Herring Prospectus dated October 31, 2024 and the Prospectus dated November 12, 2024, Fettle Tone LLP has been reclassified as an investor of the Company from the date of Allotment.

ANCHOR INVESTOR OFFER PRICE: ₹ 74 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
OFFER PRICE: ₹ 74 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
THE OFFER PRICE IS 7.4 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

RISK TO INVESTORS

(For details refer to section titled "Risk Factors" on page 26 of the Prospectus)

- Product pricing risk:** Our profitability depends on our ability to manage our underwriting risks and appropriately price our products and any failure to accurately estimate medical expenses or the frequency of claims could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.
- Dependence on health insurance sector:** As a significant portion of our business is generated from the health insurance line of business, any adverse changes to the demand for health insurance products and the retail health insurance sector may affect the sale of our health insurance products and in turn our business and profitability. The following table sets forth our Gross Written Premium and break-up of Gross Direct Premium for the periods and years indicated.

	Gross Written Premium or GWP ⁽¹⁾ - Break-up of Gross Direct Premium									
	Three Months ended June 30,				Fiscal Year ended March 31,					
	2024		2023		2024		2023		2022	
	(₹ in millions)	(% of total GWP)	(₹ in millions)	(% of total GWP)	(₹ in millions)	(% of total GWP)	(₹ in millions)	(% of total GWP)	(₹ in millions)	(% of total GWP)
Gross Direct Premium										
Health (A)	14,303.84	97.69%	10,975.62	98.08%	54,944.28	97.98%	39,873.59	97.90%	27,490.35	97.83%
Personal Accident (B)	271.80	1.86%	179.02	1.60%	926.76	1.65%	800.41	1.97%	607.57	2.16%
Travel (C)	66.12	0.45%	35.79	0.32%	204.70	0.37%	56.31	0.14%	1.79	0.01%
Total Gross Written Premium or GWP (D=A+B+C)	14,641.76	100.00%	11,190.43	100.00%	56,075.74	100.00%	40,730.31	100.00%	28,099.71	100.00%

Note:

⁽¹⁾For more information on GWP, see "Other Financial Information – Gross Written Premium or GWP" on page 374 of the Prospectus.

- We will not receive any proceeds from the Offer for Sale. Our Selling Shareholders will receive the entire proceeds from the Offer for Sale which constitutes ~64% of the issue size.
- Regulatory risk:** We are subject to extensive supervision and regulatory inspections (onsite and offsite, thematic or otherwise) by IRDAI and any regulatory and statutory actions against us or our distributors could cause us reputational harm and have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. For instance, IRDAI conducted an on-site inspection in our office from November 22, 2021 to December 3, 2021 for operations during Fiscals 2019, 2020 and 2021, and made 33 observations in its final report dated January 7, 2022. As of the date of this announcement, we have responded to all requests from IRDAI and have not received any fines, penalties, revocation of licenses or other regulatory actions as a result of such inspection by IRDAI.
- Dependence on senior management:** The success of our business depends on our ability to attract and retain, as well as obtaining timely approvals from IRDAI with respect to, our senior management and employees in critical roles, and the loss of their services could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.
- Network Hospitals:** If we fail to develop and maintain satisfactory relationships with Network Hospitals, we may not be able to continue to offer cashless claims to our customers and our ability to effectively manage our claims costs may be adversely affected. The amount of cashless claims through Network Hospitals as a percentage of the total amount of claims (in value terms) was 75.45%, 68.61%, 70.01%, 66.54% and 62.53% for the three months ended June 30, 2024, 2023 and Fiscal 2024, 2023 and 2022, respectively.
- Credit and liquidity risks:** We are exposed to credit/counterparty risks in relation to our investment portfolio and from our reinsurers and may incur losses as a result of counterparty default or failure to enforce our rights in all circumstances. Accordingly, credit and liquidity risks related to our investments and day-to-day operations may expose us to significant losses.
- Competition:** We operate in a highly competitive, evolving and rapidly changing industry. In Fiscal 2024, we were the fourth largest player within the retail health insurance with a market share of 9.10% according to the Redseer Report, and we face competition from other players offering health insurance products, including those who have a higher market share than us. If we cannot effectively respond to increasing competition, our results of operation and market share could be materially and adversely affected. Additionally, our financial performance may not be comparable with some of our competitors due to differences in accounting policies which are permissible under applicable laws and regulations.
- EOM Regulations:** We are required to maintain our expenses at certain levels in order to maintain our profitability and to comply with IRDAI regulations. We filed applications with IRDAI for forbearance for exceeding the expenses of management over the allowable limit for Fiscal 2023 vide application dated March 29, 2023 and Fiscal 2024 vide application dated February 23, 2024. In accordance with the EOM Regulations, a sum of Contribution from Shareholders Funds towards Excess Expenses of Management of ₹ 837.85 million, ₹ 688.33 million, ₹ 2,164.51 million, ₹ 3,641.61 million and ₹ 2,717.17 million which is in the excess of expenses of management over the allowable limit, has been transferred from the Restated Statement of Revenue Account to Restated Statement of Profit and Loss for the three months ended June 30, 2024 and June 30, 2023, and Fiscals 2024, 2023 and 2022, respectively.
- Dependence on intermediated distribution channels:** We are dependent on our intermediated distribution channels, particularly individual agents, corporate agents and brokers, which accounted for 29.71%, 28.00% and 28.19% of our GWP for the three months ended June 30, 2024 respectively and if we are unable to develop and grow our network of distributors or attract, retain and incentivize our distributors, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.
- We have incurred losses in Fiscal 2022 and the three months ended June 30, 2024 and June 30, 2023 and may not be able to maintain our profitability in the future, which could adversely affect our operations and financial condition and the trading price of our Equity Shares. The following table sets forth details of our profit/(loss) after tax and Expense Ratio for the periods and years indicated:

Particulars	Profit/(loss) after Tax and Expense Ratio				
	Three Months ended June 30,		Fiscal Year ended March 31,		
	2024	2023	2024	2023	2022
Profit/ (loss) after tax (₹ in millions)	(188.21)	(721.98)	818.52	125.40	(1,965.25)
Expense Ratio ⁽¹⁾ (%)	42.05%	42.75%	39.77%	43.20%	45.40%

Note:

⁽¹⁾Expense Ratio is calculated as the sum of operating expenses related to insurance business and commission divided by Net Written Premium. Expense Ratio is a non-GAAP measure. For details on reconciliation, see "Other Financial Information" on page 374.

- Our failure to accurately and timely pay claims could lead to customer dissatisfaction and result in regulatory actions or penalties, which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.
- Our Directors and Promoters may enter into ventures which are in businesses similar to ours.
- Weighted average Return on Net Worth for the Financial Years 2024, 2023, 2022 is (2.58%)
- The weighted average cost of acquisition for all Equity Shares transacted in one year, 18 months and three years preceding the date of the Red Herring Prospectus:

Period	Weighted average cost of acquisition (in ₹)*	Cap Price is "X" times the weighted average cost of acquisition*	Range of acquisition price: Lowest price – Highest price (in ₹)*
Last one year	70.48	1.05	10.00 – 113.00
Last 18 months	68.01	1.09	10.00 – 113.00
Last three years	62.36	1.19	10.00 – 113.00

*As certified by Nangia & Co. LLP, Chartered Accountants, pursuant to the certificate dated November 12, 2024.

Note: In relation to ESOP, exercise price has been considered as cost of acquisition.

- Weighted average cost of acquisition ("WACA"), floor price and cap price

Past Transactions	Weighted average cost of acquisition (₹ per Equity Share)	Floor Price	Cap Price
WACA of Equity Shares that were issued by our Company	64.14	1.09 times	1.15 times
WACA of Equity Shares that were acquired or sold by way of secondary transactions	74.49	0.94 times	0.99 times

- The book running lead managers ("BRLMs") have handled 93 public offers in the past three Financial Years, out of which 23 offers have closed below the offer price on the listing date

Name of BRLM	Total Public Issues	Issues closed below Offer Price
ICICI SECURITIES LIMITED	20	5
MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED	0	0
KOTAK MAHINDRA CAPITAL COMPANY LIMITED	10	3
AXIS CAPITAL LIMITED	15	3
HDFC BANK LIMITED	2	1
MOTILAL OSWAL INVESTMENT ADVISORS LIMITED	7	2
COMMON ISSUES OF BRLMs	39	9
TOTAL	93	23

BID/ OFFER SCHEDULE

ANCHOR INVESTOR BIDDING DATE : WEDNESDAY, NOVEMBER 6, 2024

BID/ OFFER OPENED ON : THURSDAY, NOVEMBER 7, 2024 | BID/ OFFER CLOSED ON : MONDAY, NOVEMBER 11, 2024

